

FAR EASTERN

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FINANCE, TRADE & INDUSTRY

Vol. I.

Hongkong, December 18th, 1946.

No. 10.

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New Loan Policy of China

Reports from Shanghai state that Mr. T. V. Soong, President of the Executive Yuan, called an important meeting of Chinese financial and industrial leaders on 10th December to discuss ways and means of assisting industries to increase their production and incidentally to help them through the difficult period which they are likely to face at the New Year.

The meeting was attended by the leading members of the Chinese Chamber of Commerce, the Bankers Association, the Native Bankers Association, representatives of the Joint Office of the Government Banks and delegates from the most interested Ministries.

Mr. Soong faced the issue squarely, as he invariably does in dealing with financial and economic problems. He reminded the meeting of the difficulties of restoring China's economic position after the devastating damage which the country had suffered during the eight years of hostilities. He pointed out that the systematic destruction of productive enterprises and of the transportation system by the Communists had given rise to additional disorder and confusion and had handicapped recovery.

Mr. Soong then explained that the following measures were being adopted:

1. The government has adopted the policy of freely granting loans to legitimate productive enterprises, and has accordingly instructed the government and commercial banks to grant aid to productive enterprises according to their actual needs. For this purpose, they have formed a Provisional Loan Committee to Aid Productive Enterprises.
2. Industrial credit loans are to be granted at a reasonably low rate of interest, against collateral securities through the Central Bank of China.
3. The procedure and arrangements relating to the securities are to be simple.
4. Machinery and raw materials which are sorely needed by Chinese industries properly engaged in productive activities are to be supplied in as large quantities as possible through CNRRA, the Commodity Supply Administration and through other relevant government organizations.

5. At the same time, the government is also devising the necessary measures, whereby problems connected with transportation, with freight charges, with the readjustment of capital-labour disputes, and of the taxation system may be adequately solved.

In this connection Mr. Soong appealed for the full co-operation of the industrial and commercial community and he pointed out that action by the Government would be ineffectual if not supported by the leaders of the Community. There should be co-operation between the various parties concerned and each and all should bear in mind that the interest and welfare of this country should come first.

Mr. Soong then stressed the following points:

1. Productive concerns of good repute should be helped in every way possible but cases which lacked urgency should be rejected.
2. Every effort should be made to improve technical efficiency.
3. Government concerns should keep a strict watch on their respective undertakings and ruthlessly deal with inefficiency and maladministration.

Finally Mr. Soong again referred to China's difficulties which owing to the long period of her occupation by the enemy were more serious than those of her allies. In spite of the war-time achievements of the Democratic Party in the States and the Churchill Government in England these governments had got into the bad books of their people. Soviet Russia too was suffering from considerable price inflation.

The moral of this comparison which Mr. Soong apparently wishes to stress is that only if governments and the people work together can post-war economic difficulties throughout the world be overcome.

British Trade Mission and Hongkong

Hongkong's problems were, after the conclusion of the Mission's tour of China, also studied and a report and recommendations by the Trade Mission will be compiled and submitted to the British Government and the British export industries interested in Far Eastern business.

Sir Leslie Boyce stated:

"The British Government, apart from its political sphere, has in its economic sphere a special responsibility towards Hongkong because it is a Crown Colony. In as far as circumstances permit that responsibility will be discharged to the full."

"The British people are making a supreme effort and great sacrifices in order to increase the export of goods overseas both of the capital and consumer nature. These will become increasingly more plentiful next year."

"If for many years Britain has played a leading part in the international trade of the world, Hongkong has also played a leading role as the premier entrepot port in the Far East and a vital link in the trade of the British Empire. While the world is hungry for goods and British exporters have no difficulty in finding buyers abroad, they realise that the time will come when the selling of our goods will not be so easy."

"The policy of the British Government was to aim at first class quality and fair prices. Britain looks to Hongkong to make an important contribution to our international trade apart altogether from the normal imports and exports which the Island requires. The great hope for the future of Hongkong lies in a close co-operative Sino-British spirit and everything that can possibly be done in order to increase mutual trust, respect and cooperation must conduce to the prosperity of Hongkong, China and Great Britain alike."

Industrial Position

In the opinion of the British Trade Mission progress in Hongkong has been remarkable. The stability of HK\$ has

Monthly Supplements

"Far Eastern Economic Review" will publish as from December monthly Supplements which will contain economic studies and essays by noted economists and texts of important commercial & financial documents.

In the first Supplement we present "Inflation in China" written by Mr. E. Kann. As the foremost economist in China Mr. Kann needs no introduction to the readers in the Far East.

The full text of the United States—China Treaty of Friendship, Commerce & Navigation, and the attached Protocol will also be found in the first Supplement.

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aided the swift recovery of the Colony. Local industries will receive in due course raw materials and supplies for continued operation and expansion of present activities. Cotton, rayon and steel are still in short supply in the Colony but relieve is around the corner. The Trade Mission will do their best at home to speed up deliveries of urgently required raw materials to Hongkong. Cotton yarn will be supplied to Hongkong by Japanese mills until such time as British yarn deliveries can be regularly taken up. Steel and tinplate will be allocated at an early date to Hongkong in sufficient quantity:

The Mission studied the position of local industries, devoting much time to the problems of rubber shoes and ginger industries, and will recommend measures to be taken in London in order to reactivate most if not all of Hongkong's industrial establishments.

The local industrial position was explained by Mr. Shum Choy-wah, Chairman of the Chinese Manufacturers' Association, who stated:

"Hongkong industry is still in its infancy with machinery and all kinds of equipment deficient and out-of-date. However, with sympathetic support by the local government, it is gradually improving."

"Before the War, at the height of the Colony's prosperity, there were altogether 1,000 factories and the number of labourers depending on them for their livelihood ran to about 400,000. There were about 30 different lines of industries, with the textile factories, totalling about 600, topping the list."

"Next came the rubber factories, the hand torches, batteries, metal works, leather, preserved ginger, cosmetics and printing, all occupying fairly important positions. For raw materials, we depended mostly upon England, India and China for regular supplies."

"During the occupation the Colony's industries were completely dislocated and destroyed. Most factories were demolished and countless machines and materials looted or requisitioned without compensation."

"With the end of the war all factories began slowly to set themselves to the work of rehabilitation. But on account of the shortage of capital and raw materials only few are fortunate enough to be working again at this moment."

"Hongkong's most urgent industrial requirements are large quantities of cotton yarn, metals, machinery, chemicals, tinplates, dyes and many other vital raw materials."

"The future prosperity of Hongkong and the immediate livelihood of thousands of people is dependent on the solution of the problem of supplies."

"The industries of Hongkong are doubtless still in their embryo stage. But we have an unlimited source of manpower."

British Trade Mission to China

The two months tour of the British Trade Mission has come to an end, and a report and recommendations to the British Government will be compiled early in 1947. The leader of the

Mission, Sir Leslie Boyce, stated last week in Hongkong in conclusion of his and the Mission's impressions and findings:

"The conclusion we have come to is that there are immense possibilities for expansion and development of trade in China." We realise these possibilities cannot be exploited so long as China is torn by civil war which is draining her manpower and disorganising transportation, preventing the flow of goods and also preventing her from restoring her financial stability which is so essentially a basis for trade. We hope very much that unity, which is the predecessor of economic stability, will be brought about before long. It is, of course, a matter for the Chinese to settle among themselves.

Britain was willing to take almost any amount of agricultural products and mineral oils which China could spare and was prepared to export machinery, particularly textiles machinery, and other capital goods to China.

We are prepared to take from China her natural products and minerals to a very large extent. But the main thing in China to-day is that there should be cheaper commodities from the interior to the ports."

Anglo-Chinese Economic Association

At a luncheon given in honour of the British Trade Mission to China, Mr. Stanley H. Dodwell, Chairman of the Anglo-Chinese Economic Association (which has only recently been formed; see Dec. 11 issue, page 2), addressed the gathering of Chinese and British business men. Mr. Dodwell stressed that this Association has just been inaugurated, that is an economic and not a political association. He continued by reviewing some problems which China is facing now.

Mr. Dodwell said in part:

To be successful we shall need the support of many more of Hongkong's influential citizens. As one of the Colony's oldest inhabitants, and one of China's oldest friends, I feel that I am entitled to ask for that support, and optimistic enough, knowing how many of our citizens have our cause at heart, to believe that we shall get it.

Unprecedented Difficulties

To-day, when we are both faced with the unprecedented difficulties and problems of post-war reconstruction and rehabilitation, mutual assistance and co-operation are even more essential than they were in time of war—not only between China and Great Britain, but between all nations, and it is indeed strange and deplorable that, out of the sacrifices made so willingly by the Allies in the war, not yet sprung that measure of reciprocity, understanding, and goodwill, necessary to bring about the peace we all so earnestly desire.

A reasonable measure of prosperity has been granted us as well as a good many of our British and Chinese friends, to help make up for the disastrous losses of the war, but our prosperity to-day is not based on the sound foundation of a balanced trade. Imports into China far exceed her exports and until there is a most substantial increase in the latter, we cannot look forward to the future in confidence.

The new Import and Export regulations, recently promulgated in Shanghai are a useful step in the right direction. They will, I am afraid, prove irksome and unpalatable to many of us, Chinese and foreigners alike, but, if they are administered fairly and efficiently as the names and reputations of the Chinese gentlemen on the Control Board entitle us to expect they will be, then they deserve and should receive our willing co-operation as a necessary measure for achieving safer and saner conditions of trade.

Ideal Method of Cooperation

In the early post-war days many an industrialist in Great Britain was convinced that the ideal method of Anglo-Chinese co-operation would be found in the formation of Anglo-Chinese Companies with Chinese and British capital. Unhappily the uncertainty in regard to Chinese currency, and the abnormally high cost of labour and factory accommodation has, for the time being at any rate, reduced this method of co-operation to a minimum. Nevertheless, it should be the ideal method, and I have no doubt that one day, when conditions in China become more stable and peaceful, it will be put into practice.

American Foreign Trade and The Labor Problem

(By AN AMERICAN CONTRIBUTOR)

America's capacity for production surprised the world in time of war, but her peace-time output is surprising even Americans themselves.

In the face of strikes and shortages, United States mills and factories are turning out consumer goods in quantities which in many cases are exceeding the best prewar monthly production figures.

Civilian Production Administrator John D. Small reported recently that more trucks, tires, radios, washing machines, vacuum cleaners, kitchen stoves and electric irons have been produced than in the average pre-war month. The only major industry still behind 1942 output levels is the automobile trade, and that, though beset by strikes and shortages in vital materials, is increasing its production monthly.

But the people are not satisfied. They are willing to believe that production is increasing steadily and that in many instances it is surpassing prewar figures. But they want quicker results. They want new cars, new washing machines, new refrigerators, and they can't get them. There isn't enough of everything yet to go around. With more money in their pockets than at any time since V-J Day, Americans are becoming impatient at having to wait several months for the new cars they have ordered.

There is a tendency to blame part of the delay on industry's efforts to fill foreign orders. A recent strike at Nash-Kelvinator company's automobile plant was the result of workers objections to making cars for the foreign trade. They protested they were not being allowed to buy a fair share of the cars they were building, and they refused to work any longer on the right-hand drive vehicles being produced for foreign countries.

Such instances of discontent pose a problem for American industry. Naturally there is a strong desire to supply the domestic market to capacity, but foreign trade is essential both economically and politically. Other nations are clamoring for American goods, and if the United States is to retain the goodwill and future patronage of those countries, American industry must provide at least token supplies for the foreign market.

The answer to the problem would be even greater production. Production could be doubled if there were no more strikes. With the chain reaction of an atomic bomb, a strike in one industry spreads its effects to other industries. A major share of the blame in America's lagging automobile production can be attributed to strikes in other industries, checking the flow of vital materials to the nation's carmakers.

What to do about the flare-up of strikes has been a constant worry, and short of anti-strike legislation there seems to be no satisfactory solution. Work stoppages have been spread over practically every industry and every business, involving auto-making plant, steel works, mines, railways, trucking companies, dairies, longshoremen and even musicians.

The strike situation has reached the point where many legislators are determined to pass laws that would effectively curb labor's power. They have decided that labor has abused the privileges it has gained in the past twelve years and that in consequence those privileges should be withdrawn. It is a feeling which has been gaining strength as labor insists on receiving pay compensations for each succeeding wave of price increases, despite economists' repeated warnings that rising wages inevitably result in rising prices.

British Council

Sir Angus Gillan, Director of Empire Division, British Council, has recently arrived in the Colony on his way to China. While in Hongkong Sir Angus investigated local conditions with a view to expand the activities of the British Council. Regarding the British Council operations Sir Angus Gillan stated:

"The British Council was inaugurated in 1935 to promote a wider knowledge of the United Kingdom and the English language abroad and to promote closer cultural relations between Britain and other countries for the betterment of the British Commonwealth of Nations. Its aim is to proclaim British history and life abroad, in other words, the British way of life.

The Council's principle imports were scholars to do post-graduate courses and distinguished visitors from foreign countries, and as exports the Council sent abroad lecturers, teachers, books and periodicals, photos and documentary films among other things. They depicted the various aspects of British cultural life.

The Council hoped to expand its activities. A great part of its work in the Colonies so far has been development and organisation of libraries, the library system and librarians which it was hoped in time to hand over to the Colonies themselves. There was an intense desire to obtain the cultural goods which Britain could supply. The Council hoped to have a representative in Hongkong shortly.

I.C.I. and Shipping Industry

At a speech held on July 31, Lord McGowan, Chairman of Imperial Chemical Industries, addressed the Liverpool shipowners on general economic and political problems of Britain and the world. He dwelt also on the subject of I.C.I.'s part in shipbuilding. Lord McGowan stated:

"My Company's association with shipping is more indirect than direct, but that indirect interest is not inconsiderable. During last year, our freight bill for ocean-going vessels was £2,075,000, and £270,000 for coastwise vessels. I trust that the shipping people made reasonable profit on the rates charged.

We have a more direct interest in the building of ships. Today quite a number of our products are being used in the shipyards, and as time goes on we expect, through research and development, to discover better and cheaper substitutes for materials now being employed.

Perhaps the most important single contribution made by my Company to the shipbuilding industry is in the field of non-ferrous metals, particularly in the form of those most vital parts of a ship's anatomy—condenser tubes. It is an I.C.I. Company which can justly claim to be the pioneers of the cupro-nickel condenser tube, besides being the most important present-day producer. Cupro-nickel condenser tubes have been used in the majority of the fighting ships, and also in the largest liners such as the *Queen Mary* and *Queen Elizabeth*. Our Metals Division has supplied all the tubes and plates for the condensing and auxiliary plant of hundreds of ships, including ten of the largest liners of some seven different nationalities. My Company's research and development in the condenser tube field have revolutionised the ship's condenser, and have freed the marine engineer from what was, a few years back, a major trouble and source of constant anxiety.

I should like particularly to refer to the increasing interest now being shown in the use of aluminium and its alloys for the hull construction of small craft, notably ships' lifeboats. We are working on the development of light alloys for structural purposes, in close collaboration with shipbuilders and designers.

"Rexine", "Vynide", "Perspex"

The use of "Rexine" (a leathercloth) for both mural and upholstery purposes in ships was well established before the war. We are now making a new leathercloth product, "Vynide", and spread of flame tests have shown that the use of mural "Vynide" upgrades such materials as plywood, which is largely used for ships' cabin partitioning, and thus considerably reduces the fire hazard.

We see a growing demand by ship-builders for "Perspex" for various internal fittings. Let me explain what "Perspex" really is: it is a thermoplastic material with many interesting properties. It can be produced in sheet form of high transparency, and in view of this and its non-splitting characteristics, it has been used extensively in the manufacture of bomber noses and turrets and in the fitting of other aircraft with those parts of the fuselage through which the crew must be able to see. "Perspex" is also a material which is very easily shaped and can be given bright and attractive colours by the intermixing of dyes and pigments during its formation. In addi-

Shanghai To-day

By WALTER HARVEY

Life in Shanghai among British residents resembles Captain Van Winkle's experience after his awakening. True, there has not been a forty years' sleep, but so far-reaching were the changes which confronted the Briton and his wife released from two and a half years' rigid and unpleasant internment that they may be forgiven for wondering whether the dream persists. The surrender of our extra-territorial rights in China—an act recognised here as the reasonable outcome of our own and America's alliance with China—has created a situation which may be compared with that facing the Londoner if he woke up one morning to read in the newspapers that British Law, Common as well as Statute, no longer applied, that henceforth he must comply with the laws of France and that from the first of the month traffic would proceed on the right of the road and not on the left.

Under the former extra-territorial regime, Shanghai had a large permanently resident non-Chinese population, who guarded their nationality, passports and registration like the talismans which they were, in that they gave the greatly desired "foreign" status; and there was no partial absorption into local nationality of the second and third generation, such as occurs in Occidental countries. Even intermarriage did not lead to absorption of the descendants, and this cannot be attributed to differences in habits and culture as apart from the foreign cachet, which tended to give a higher employable, and hence financial, status to its possessors, modes of living were similar. Low costs, abundance of servants, absence of taxation and even the climate tempted a large proportion of retired business men and public servants to remain in the East, and whilst many have now been repatriated to Britain, many more remain in what they have always considered as their home. Their puzzled resentment at the changes is understandable even when one remembers the worse plight of the displaced persons in Europe.

It must be admitted that the new municipal authorities, even with excellent intentions, have failed utterly to inspire confidence in their ability to provide reasonable conditions for the public. Municipalities in China, and particularly that of Shanghai, have powers of government unknown in this country, and the Central Government affects the life of the Shanghai-dweller only in respect of the feared forthcoming imposition of income tax on a real scale and the exchange regulations which unreasonably (he thinks) prevents his remitting necessary payments abroad. The Fire Department has sometimes failed to function in respect of property outside a certain area or of property for which certain "taxes" had not been paid, whilst the Police Force, which was formerly a notably efficient body, is now equally notably inefficient—and this in all its branches. Gossip has it, probably reliably, that telephoned reports to police stations are ignored, whilst sufferers reporting in person, say, burglaries are not only received with suspicion but, after completing complicated forms, have been required to produce evidence of ownership of the stolen property. Traffic conditions have become unnecessarily bad, largely because of the wholesale removal of experienced traffic policemen and the substitution of untrained "friends of friends," many of whom, indeed, had hardly seen a city street of any kind until being brought to Shanghai to share the sweets of office. And what a power nepotism is in China! The official, banker or merchant who failed to practise it to the limit would be considered generally little short of an unfilial son, an ingrate, one at whom the finger of scorn should be pointed.

Many of the new regulations, based as they are on a social system far removed from our own, tend to complicate life. Guarantors are needed for householders and even for simple residents. Movements of all kinds must be reported; you must state who your friends are, and there are thinly disguised efforts to obtain information on your political beliefs. Some questions are amusing—as, for example, "Does your dog perform tricks?" "What are they, and who taught them to the dog?"—but the owner of

tion its specific gravity is very low. All these characteristics are making it attractive for many peacetime uses, which include lighting fittings, bathroom basins, tiling, and fancy goods, to mention only a few.

FAR EASTERN REPORTS

Japan

a red-painted motor car was justly incensed when he received one day's notice to the effect that all red cars would be confiscated except those belonging to the Fire Department. Regulations are alleged to be in course of enforcement limiting other car colours to specific officials and even business men.

Strangely enough, the increased cost of living is not in itself objected to. It has risen so tremendously without the currency having yet approached inflation on mark or pengo lines, that the British owner of fixed-interest-bearing securities has been forced to repatriate, whilst salaries are either subject to sliding scales or payable in American dollars at rates which meet expenditure. The employer has no immediate complaint, as profits in the prevailing sellers' market are certainly commensurate, but the size of overhead costs has alarmed many a board of directors in Britain which finds that the average Shanghai employee receives an income much in excess of that of the managing director here. In some cases salaries as such are not paid, and in a typical case all employees receive their local expenses whatever they may be as they arise, whilst a percentage of their normal salary is paid to their account in Britain in sterling. The unfortunate local manager who has given permission to a young X to get a new suit of clothes at a cost of £100 to £125 knows how "London" will receive his explanation that "I couldn't see him around the office in the state he was"; and an attempt to convince an auditor that £15 to £20 a day is a normal hotel charge and £3,000 a customary key-money payment for a five-room flat is exhausting.

The key-money racket does annoy the Shanghailander. Houses are freely advertised for sale for substantially less than the occupier will receive as key-money, and there is at least a proprietorial tone in the voice of the man who says, "I paid fifteen bars for this and I could sell it for twenty," meaning that the key-money has been five gold bars—about £2,200. The cause of this state of affairs is a municipal regulation that rents are payable at a rate of hundreds of times the pre-war sum, whilst inflation is in thousands of times. True, the landlord suffers—in many cases he receives less than the taxes he has to pay—but who worries about his troubles?

The currency is by no means chaotic—chaos in such matters is impossible in China, the land of the money-changer par excellence—but it is the medium of the most fantastic manipulation. There are three parallel currencies: (1) The Chinese dollar or fapi, (2) The American dollar, (3) The gold bar. The pound sterling hardly enters into any calculation, but the Hongkong dollar, very popular as a hoarding medium in South China, is used to a certain extent, and has a constantly fluctuating quotation on the market. There is the normal shortage of Chinese dollars which is characteristic of a depreciating currency and seems so paradoxical to the man in the street. It manifests itself in very high interest-rates; the normal rate is 20 per cent. per month for the fapi and 5 per cent. per month for the American dollar. The American greenback note is the medium of most transactions involving unlicensed foreign trade. This is by no means illegal trade, but is outside that permitted by the exchange control, and is tolerated as a means of absorbing the unregistered holding of foreign currencies.

The efforts of the Chinese authorities to retain some confidence in the fapi has led them to fix rates of exchange into foreign currencies (whilst seeking to control all such operations) which are, it is felt in non-official financial circles, unduly favourable to the importer. The consequence is that American Sunkist oranges have entirely supplanted the Chinese variety obtained from nearby provinces, and the streets are thronged with pedlars of American packaged eatables, cigarettes and toilet articles of all kinds. These come from ordinary import channels and pilfered cargoes, whilst U.N.R.R.A. supplies and smuggled goods give a range of buying possibilities previously reserved to the few. The Briton in Shanghai (although he will probably find it hard to appreciate this) gains nearly as much as he suffers from this state of affairs, but he is annoyed when a rise in the value of the greenback in terms of the fapi causes an immediate increase in the cost of vegetables and other local produce. The authorities constantly point out with great thoroughness and the utmost futility that one should not and cannot affect the other, but the Chinese of Shanghai, from the banker to the pedlar, are intensely "exchange-conscious."

Life in Japan is today strictly divided into a foreign and Japanese sector: military and civilian personnel of the Occupation Forces, merchant seamen and all private citizens of any Allied country are under U.S. military law and have to conform in their daily pursuits to regulations issued by the U.S. Provost Marshals.

Contacts between the two worlds except on top levels and in matters of official business is practically non-existent. The Japanese live apart from all foreigners and, although there is much interest and eagerness among foreigners and Japanese to mix and make friends, the official (SCAP) ruling remains in force.

Everything is out of bounds for foreigners, business firms, banks, shops, theatres, restaurants and cafes, all means of transportation (even privately owned conveyances). Only if Japanese invite privately foreigners to their homes a foreigner will be able, and officially permitted, to meet and converse with Japanese. There are a few shops in the major cities which are displaying a sign "Allowed for military personnel and civilians." The American military policemen are closely observing such places.

Merchant Seamen

Seamen who are allowed ashore have to conform rigorously to military regulations. Those seamen who stay ashore (i.e. discharged from hospitals, waiting for transport or transfers) have to stay in camps and are supplied from U.S. Army PX. Everything in PX is rationed, foodstuffs, cigarettes and a few sundry articles. A few seamen could stay in the Seamen's Club office in Yokohama and Kobe but supplies in these club offices was very scarce.

Foreign Money

Nobody is allowed to bring ashore foreign currencies; they have to be changed into U.S. military (occupation) dollars at Military Post Offices or Army Exchange at the rate of U.S. dollar one for 15 yen, or 60 yen to one pound sterling. There is a black market dealing in foreign currencies but prices are hard to obtain and transactions in this illegal exchange are few and very secretive. End of November one U.S. dollar quoted in Kobe somewhere around 60 yen.

High Prices

Cost of living is excessive and foreigners cannot easily afford to stay in Japan today. End of November the following prices were usually charged in Yokohama and Kobe: cup of coffee 5 to 8 yen, rice per pound abt. 17 yen, Japanese small loaf bread 25 yen, Japanese socks 20 yen, kimonos 350 to 750 yen, silk scarfs and similar silk articles 40 to 200 yen, Japanese cigarettes one yen per cigarette, American cigarettes (which are regarded as a kind of currency in Japan) 3 yen. It appears that the Japanese no longer smoke, at least that is the impression when observing the Japanese in their daily occupations. Cloth and articles of wear appear to be out of reach for most of the Japanese. Prices are not fixed except for rationed goods. Wide fluctuations and different quotations for the same article in two neighbouring shops is an everyday experience.

Fishing & Coastal Vessels

Fishing industries are operating very satisfactorily. All are under U.S. Army supervision and control. Rebuilding of a modern fishing fleet has started some months ago and trawlers, whaling boats and smaller craft have been constructed at the famous Kawasaki shipbuilding yards. At the same shipbuilding yard construction of a number of large vessels has been completed such as a modern 10,000 ton cargo ship and 9 fast ships for a Japanese shipping concern which will use them for inter-coastal traffic.

For the rest, the Briton in Shanghai tries to do much what he did in the good old days. The same people attend the same cocktail parties, which have the same variety of food and drink and last as long as they always did. Travel is difficult, but it was beginning to be so in 1939, and, if facilities for sport and recreation are less, they now have to serve fewer people and do afford some relief. It is quite definitely a less pleasant exile than that to which the Shanghailander has been accustomed, and it will be a changed group of Britons abroad who will serve their country's trade in the Shanghai of the future.

Trade & Transport

Travelling by rail is almost as in prewar days. Locomotives and cars are in good shape and service is punctual.

Trade with other countries than United States has only begun. Shipments to Far Eastern ports have been resumed and prospects are that exports will be stepped up during next few months.

A Netherlands military mission in Tokyo is anxious to revive trade between the Dutch East Indies and Japan but so far little headway has been noticed. Some Dutch ships have called on Japanese ports and have carried some small cargo away. The economic and financial adviser to the Military Mission, Mr. Penning (whose office is at Shiba Avenue, Tokyo), has endeavoured to get mutual trade underway. So far no Dutch official has set up an office in Yokohama where only a military official stays sent there from Holland for investigation in connection with war-criminal acts.

Shipping

American ships are everywhere which carry principally all the food and raw materials required by Japan from U.S. and other parts of the world. Most transports call on Yokohama which is the principal port of present day Japan. The port of Kobe is almost deserted and only about 400 stevedores are employed in this once very prosperous trading and shipping place of the Far East. The harbour is empty.

All shipping in Japan, foreign and Japanese, is controlled by U.S. Maritime Shipping Commission, apart from U.S. Army Transport Service and the U.S. Navy. The Maritime Shipping Commission supplies all ships with stores, etc.

Business Liquidations

All Japanese private trade is controlled by American Army men who order liquidation of business in such cases where business activity is deemed harmful or superfluous or otherwise is not up to the economic ideas of SCAP. The Tokyo "Nippon Times" (American newspaper) and "Stars & Stripes" (Army organ, closely checked by military higher-ups) daily publish so-called "purge advertisements" which besides outright liquidation call for the removal of such Japanese managers and staff who are regarded as "undesirables". American intervention, it appears, is also motivated by a desire to modernise and "streamline" Japanese business and industrial life.

Labour & American Standards

Working class people have received much encouragement by SCAP and are to-day well organised in trade unions. Strikes were frequent and labour has a powerful voice in affairs of the nation. Demands by labour are growing and there is much agitation for improvement in their social and political position. The life of the American labourer is regarded as almost an ideal and Japanese workmen are all out to achieve similar position.

The "American way of life" has certainly taken hold of the average Japanese and many Japanese admire openly the success of America in the modern world. Democracy and equal opportunity are concepts which have conquered the people. Still among the more backward people remains an undercurrent to return to the old ways of superstitions and feudal system. The "samurai" spirit is, of course, still alive and uses popular nationalistic sentiments for a religious revival of Shinto. This danger was recognised by SCAP which closed several shrines like the famous Yasukuni shrine in Tokyo. It will take a long time to overcome these emotional stirrings which are deep rooted with the uneducated Japanese. The intellectuals and scientifically minded youth of the nation are enthusiastically for the radical modernisation of the country and it will be the young generation which will lead Japan towards the new way of life.

The U.S. Army

The U.S. Army is very particular about correct relations between foreigners and the Japanese. Care is taken that incidents are reduced to a minimum. On the whole behaviour of troops and civilians of all nationalities in Japan is good and few cases were reported involving violence or other offences. Foreign merchant sailors are under strict regulations; they only have few hours of shore leave and nobody is allowed to stay away from the ships after 10.30 p.m.

Personal appearance of civilians and army personnel is meticulously controlled; everybody is required by military regulation to have "the hair cut and the face cleanly shaven". The Provost Marshals are conducting a very firm regime, questioning every "suspect" and freely detain all those who are not 100% up to the dozens of petty regulations.

It is appreciated by foreigners that this is done in order to impress upon the Japanese the civilised conduct of foreigners and to prepare the ground for eventual friendship and understanding in the postwar world. It is f.i. provided in the military regulations of U.S. Army that all military personnel and all civilians "conduct themselves in exemplary manner so as to present a vivid picture of a neat, orderly and highly efficient Occupation Force of which each member of the Merchant Marine is an integral part". The Summary Court in Yokohama has been trying hundreds of members of ship companies and other civilians for various more or less serious violations of military regulations. The following are some of the "disciplinary offences": Disregard of Out of Bounds signs; fraternisation with Japanese women (with men one can fraternise and one can be invited by men to their houses and enjoy Japanese male company); frequenting of native restaurants and houses of prostitution; carrying beer bottles in the street; dealing in the black markets; carrying concealed weapons (even sheath knives over 3" in length strictly forbidden); travelling in non-military carriages of trains; "Jay walking" i.e. crossing streets except at recognised crossing places; etc.

Many of the U.S. Army top men regard themselves as sort of missionaries of American culture and have the sincere desire to bring about prosperity in Japan. There is to-day much good will on both the Japanese and the American side and it appears that genuine friendly relations will emerge after the Occupation will terminate one day.

French Indochina

Imports Continue Under Strict Government Control

Because of a shortage of many goods essential to the rehabilitation of Indochina and because of the scarcity of foreign exchange, imports are still subject to strict Government control. Except in rare instances, all purchases abroad for Indochina continue to be made through the Supply Center for Indochina, or Centre d'Appropriement de l'Indochine (CAIC), in Paris, an agency established in October 1945. The New York office of CAIC is located at 44 Beaver Street, having recently assumed the purchasing for Indochina formerly done by the French Colonial Agency at 111 Broadway.

Import procedures in Indochina begin with the importing firms, which have been organized into a syndicate under the title "Le Syndicat des Importateurs d'Indochine." This syndicate determines which commodities are deemed necessary for the reconstruction of the country, the amounts required, and, if the goods are not available in France or the French Empire, recommends their purchase abroad. The quantities of merchandise are, however, limited to the averages for each commodity imported from 1937 through 1939.

The recommendations of the importers' syndicate are then submitted for approval to the Economic Services, an agency of the Indochina Government. Special committees of experts determine, before it is approved, the merits of each recommendation in relation to national requirements.

A list of commodities approved by the Economic Services for import is submitted to the Supply Center in Paris, with the request that purchases be made and the goods shipped to Indochina. The CAIC first considers the market in France. When merchandise is not available there, it seeks to make purchases through offices in New York, London, or Calcutta. The CAIC acts also as the shipper of the merchandise, which is consigned to Indochina under the agency's own name. Payment is made by funds set aside by the French treasury in Paris for this purpose.

Under exceptional circumstances, the Economic Services permit direct importation from abroad without processing through the Supply Center. In these cases, import licenses are issued, and foreign exchange is made available through the Exchange Control Office.

Imported goods are allocated to each member of the importers' syndicate on a pro-rata basis, the amounts of each commodity being determined by the importer's volume

of trade in that commodity from 1937 through 1939, in relation to the volume of trade of the other importers who are members of the syndicate. When an importer's share of goods has been determined, he presents a document against cash and obtains his merchandise. He must pay the CAIC, however, a commission of 5 percent over and above all other charges, which include 3 percent for insurance. The importer pays necessary customs duties in the usual manner.

Prices at which imported goods can be sold must be approved by the Central Price Committee, also an agency of the local government. Profits realized from the sale of imported merchandise by members of the importers' syndicate are distributed on a pro-rata basis which is determined by the relative trade position of the importing firms during the years 1937 through 1939.

Upon recommendation of the Central Price Committee and the decision of the Federal Commission for Economic Affairs, a distribution tax may be placed on any or all imports. The twofold purpose of the tax is to remove money from circulation in order to check inflation and to cover losses in transit of merchandise purchased and imported by CAIC. So far, this tax has been levied on most goods imported since the end of the war, with the result that prices to consumers are considerably enhanced. Even so, prices of some goods produced locally are higher than those of similar imported commodities.

Canton

Smuggling of goods from Hongkong into Canton has been stepped up during last few weeks since enforcement of import quotas, licensing and registration of importers. Customs recorded imports have dropped. The Customs preventive service may soon be reinforced by some patrol boats expected to arrive in Canton from Shanghai. Negotiations for purchases of British high-speed armoured launches are underway.

Purchasing power of the people has further declined so that, in the face of mounting inflation, most prices did not keep step with the deteriorated position; merchants claim that their stocks can now only be sold at cost price or even at some loss. The flourishing black market and the increasing number of street hawkers ruin legitimate businesses and shopkeepers. Canton Municipal authorities have repeatedly assured the public that steps would be taken to drive the hawkers out but so far no success has been witnessed. There is no doubt about the hawkers' collusion with the illicit traders and smugglers. If not for the street vendors much smuggled cargo would be unsaleable. However, the street hawkers have the backing of the powerful and often politically well-connected smuggling operatives so that proper action will most likely never be taken. A number of shops have closed down as they allege that they can no longer afford paying wages and other overhead expenses.

Unrest & Unrest

The financially hard-hit population is in a restive, uneasy mood and it needs only a spark to inflame smouldering excitement. It seems that the feeling of frustration about the economic and political debacle in China has caused a high degree of irritability amongst most Cantonese. The continued oppression by the very numerous bureaucracy of Canton, the irregular and excessive taxation and the never ending reports and rumours about graft and enrichment of officials at the expense of the population have created much ill-feeling and vehement criticism in private circles which more and more bursts out into the press.

The political agitation against the British which is fostered by Kuomintang groups and affiliations is understood by the business world as a political diversionary manoeuvre; the British have to take the blame for many of the ills which beset Canton today, and they are used to advantage as a scapegoat by the corrupt officialdom and professional politicians. The culmination of the latest agitation should have been a boycott of Hongkong which, of course, was never taken seriously by the people and quite openly ridiculed by all businessmen in town. The ulterior motives of the provocateurs and agitators are clearly understood to be in the nature of "cashing in on a situation"; money is collected under ill-disguised threats for all sort of phoney patriotic purposes and many business men "donate" as they do not like to be involved in any trouble. The very large number of rascals and army deserters which swarm around in Canton make life in this city often a very trying experience.

Japanese Silk Industry

Production and estimates relative to the Japanese silk industry, as reported by the Japanese industry to the Supreme Commander for the Allied Powers, for the first 6 months of 1946, are shown in the accompanying table.

| Item | Jan. | Feb. | March | April | May | June |
|--|--------|--------|--------|--------|--------|---------|
| Raw silk produced bales.... | 2,270 | 4,386 | 5,741 | 6,621 | 7,540 | 8,835 |
| Short-fiber production | | | | | | |
| thousands of pounds.... | 295 | 304 | 336 | 208 | 172 | 47 |
| Cocoons on hand end of month do: | | | | | | |
| In filatures do.... | (2) | (2) | (2) | (2) | 57,201 | 98,876 |
| In other hands ¹ do.... | (2) | (2) | (2) | (2) | 10,647 | 20,809 |
| Total | 97,150 | 94,372 | 88,946 | 82,703 | 67,848 | 119,485 |
| Raw silk in mills (yarn stocks) | | | | | | |
| end of month do.... | (3) | 5,068 | 4,815 | 6,323 | 5,148 | 5,107 |
| Cloth production (silk) end of month | | | | | | |
| thousands of square yards.... | (3) | 3,718 | 1,865 | 1,268 | 3,348 | 4,328 |
| Cloth stocks in mills end of month | | | | | | |
| thousands of square yards.... | (3) | 17,689 | 18,659 | 19,093 | 20,983 | 22,877 |
| Silk tested for export bales.... | 8,800 | 13,500 | 15,531 | 3,425 | 11,570 | 10,277 |
| Reeling basins operable number.... | 21,800 | 19,600 | 21,980 | 23,080 | 23,378 | 23,848 |
| Filatures in operation do.... | 160 | 161 | 165 | 172 | 180 | 184 |

¹ Largely waste unreelable and doupon cocoons.

² Not available.

³ No break-down available for this month.

Exports of raw silk from Japan to the United States for the months March through May totalled 31,450 bales. Shipments to the United States have approximated 10,000 bales monthly between the initial shipment in March through August.

The 1946 Japanese spring cocoon crop points to a reelable supply of 72,304,000 pounds compared with 112,847,000 pounds produced in 1945, according to the foreign press.

Production of cocoons for the 1946-47 season (June 1, 1946, to May 31, 1947) is estimated at approximately 16,000,000 kan (132,320,000 pounds) by the Raw Silk Bureau.

British Trade Relations

The British Trade Mission was feted and very cordially received. Hopes are high that British exports will soon increase and help in the reconstruction of Kwangtung province. The requirements of Kwangtung for its industrial rehabilitation are almost endless but it is hard to see how trade between China and Britain can be developed at the present juncture. China's exports are in the doldrums and there is no sign of improvement yet. Many Govt. officials believe that Britain may extend loans to China one way or the other. Such optimism appears to be not justified at a time when all obligations by China are in default and the financial position of the country is almost hopelessly muddled.

It remains to be seen what the recommendations will be when the British Trade Mission finally draws up its report to the British Govt. One must, however, be realistic in these times and not indulge in wishful thinking; the improvement of trade between China and Britain depends quite obviously on improvements in China's overall economy.

Taiwan

(PART ONE)

President Chiang Kai-shek and Dr. T. V. Soong inspected conditions in Taiwan at the end of October when they paid a short visit to the island. Conditions in Taiwan have not turned out as the Chinese Government expected after the surrender of Japan. The political and economic situation presents a complex picture and is fraught with dangers which only now have become more obvious.

The Central Government avowedly attempts in replacing the previous Japanese and Taiwanese bureaucracy by Kuomintang officials from the mainland to develop the island to the betterment of the lot of the inhabitants and China at large. Emphasis is laid on economic reconstruction and modernisation.

The achievements of Chinese administration in Taiwan will represent a standard by which to judge the present government's efficiency and ability to manage so rich a country as Taiwan.

The People

The population is intelligent and industrious and their industrial and agricultural production under the Japanese rule was recognised as of a high order. They are very conscious of their particular brand of nationality which although fundamentally Chinese must be regarded as a differentiation in type; culturally the people in towns have largely equalled or approached the Japanese pattern of life and the educated people have been to a good part assimilated during 50 years of Japan's paternal domination of the island. The differences between the Taiwanese and the Amoy natives are not as evident as is the case with regard to the Chinese from Chekiang and Kiangsu. Taiwanese and "mainlanders" differ in language, customs, outlook and political convictions; the educated people speak Japanese and the local dialect which is similar to Amoy dialect—but no Shanghai dialect or Mandarin is understood; provincial self-government on democratic lines is opposed by the Nanking centralists and semi-feudalists from the mainland who appear to the average Taiwanese more alien than the Japanese.

A movement to gain independence either without any compromise or by accepting a loose bond between China and Taiwan is of old standing. During the many years of Japanese rule Taiwanese political leaders in emigration stressed the desire of complete freedom as an ideal for Taiwan. The political emigres in America, enjoying the sympathy of the American people, were never specific about a "return to China" but preferred to proclaim that Taiwan demands self-government and independence.

The way and methods used by Nanking to deal with Taiwan and its people after the Japanese capitulation has aroused resentment and suspicion regarding the real intentions of the "mainlanders" (i.e. the new lords and masters from Nanking and Shanghai). Most foreign correspondent who toured the island in a group early in September obtained very unfavourable impressions about the administration of this "elected prize" of China. The attitude on part of the autocratic Provincial Government of Taiwan and the host of military, naval and civil officers and officials is one of conquerors and masters, and the popular reaction is of course one of hostility and non-cooperation.

Planning of Development

One cannot help feeling that the economic rule of Japan's Zaibatsu has now been changed by another form of over-all control, viz. the Kuomintang's bureaucratic capital. Planning of Taiwan's development and production is not guided by consideration of the requirements of the native population but by the requirements of the Central Government in Nanking. The Taiwanese believes that he has been expropriated by the new masters who did not "return" all the Japanese properties to the native population but stepped right in where the Japanese were forced to give up.

Discrimination

There are around 6 million Taiwanese who, as far as the larger cities are concerned, have been, for almost two generations, mixing with the Japanese so that to-day the physical appearance of many town people resembles strongly the Japanese. Illiteracy in the cities is very small and technical education when compared to China's quite advanced. In spite of that hardly any Taiwanese have been permitted to obtain positions in provincial or city administrations and the Japanese plants and properties taken over by the "mainlanders" allow "local boys" only inferior jobs.

The extent of discrimination practised by the new masters is strongly resented by the "liberated" natives. The quality of men who have been sent to Taiwan from Shanghai to "take over" is regarded as bad and in many cases utterly ignorant and unable "self-made" officials were making the best of comfortable jobs and positions. A fair number of such newly created officials regard the island as another opportunity to make a fat rake-off and have no consideration whatsoever for the well-being of the islanders—apart from the fact that they are entirely incapable of managing a factory or a bank into which their "good friends" or relatives have put them.

High Prices

Cost of living has been rising since ever China took over and the inflation on the mainland has also seriously affected the economy of the island. Life has become excessively dear since in October 1945 the Chinese Army came over and "liberated." The Japanese kept the financial position of Taiwan well in hand in spite of war and U.S. destructive bombardment. Within one year rice has gone up about 40 times, fish which was previously plentiful is now scarce and prices rose more than 200 times. Taxation is higher than under the previous masters.

Taiwan Dollar

The linking of the Taiwan dollar to CN\$ has dragged down the value of Taiwan's money. Note circulation of the Provincial Bank of Taiwan (the note issuing and otherwise monopoly bank) was about 2.8 billion at the end of war, and rose during the first year of China's administration of the island to 3.6 billion, a moderate increase if compared to CN\$ circulation increases which are kept from the public as a secret of State; however, well-founded estimates speak of CN\$ increases during one year of peace of several hundred per cent. At first the Taiwan \$ was linked to CN\$20, later (end of Sept., 1946) adjusted to CN\$35, and now there are reports that a new revision will be made before long which will probably establish a new though again temporary link of CN\$100 to the Taiwan \$.

Government Control

The whole production and trade is virtually in the hands of Taiwan Provincial Government who own, control and operate 3/4 of Taiwan's industries, business firms and agriculture. The Governor of the island, General Chen Yi, is a native of Chekiang, graduate of Tokyo Military Staff College, who held many military positions during his life (he is now 64 years old) and was 1930-33 Vice-Minister of War Office. His appointment and the nomination of many officials from Chekiang and Kiangsu have been bitterly opposed by a large part of the natives who regard the new masters as aliens, and the lower ranks just as carpetbaggers.

The Governor and the National Resources Commission (N.R.C.) have established five monopolies (tobacco, alcoholic beverages, camphor, matches, weights & measures). The control of Taiwan's economy is operated as follows:

Operated by National Resources Commission: Petroleum refining, Aluminum, Copper mining. Operated by NRC and Taiwan Provincial Government: Sugar, Electric power, Chemical fertilizer, Ship and machine building, Alkalies, Cement, Paper and Pulp. Operated by Taiwan Provincial Government: Large coal mines, Iron & steel, Oils & fats, Textiles, Brick & tile, Electrical manufactures, Glass, Chemical products (rubber, essences), Printing, Building construction, Supply of industrial equipment and materials.

Government Trading

The Governor has established a Trade Bureau (a branch of which also operates in Hongkong; see our issue Nov. 20, page 5) which functions as a foreign purchasing, sales and remittance office. The Bureau has found much opposition among the defenders of private enterprise, and so have the controls and monopolies of the Provincial Govt.

Taiwan was always a good earner of exchange, and her economy is now subordinated to China's foreign exchange demands.

(To Be Continued)

Situation in Japanese Toy Industry

Rehabilitation of toy manufacture in Japan has begun, but as yet little progress has been made. Plants needing machines and motive power for their operation, such as those which manufacture metal, celluloid, and wooden toys, are in a particularly difficult position. Deterrants to operations of the group of factories working with paper, tissues, lumber, and tin plate are the lack of raw products and of auxiliary materials, such as paints, dyes, ink, lacquer, and nails. The toy manufacturers claim that with abundant supplies of these materials they would be able to compensate for the shortage of facilities by manufacturing only toys requiring little equipment for production and could obtain even at present the prewar output figure.

The extent of revival of the wooden-toy manufacture in Aichi-Prefecture is taken as an example of the slow progress being made. Of the some 20 factories registered in that region as members of the wooden-toy manufacturing association, only 12 or 13 are now in operation. The number of workers number about 300. The total value of production by the association members is said to be approximately 300,000 yen per month, and that of the whole prefecture, including the output of nonmember manufacturers about 1,000,000 yen per month. However, inasmuch as the prices of toys are now from six to seven times as high as those of 1940, the quantity of their output is regarded as only a fraction of normal production. (The value of the yen in United States currency in 1940 was established at \$0.2344; in 1937, \$0.2879; and in 1938, \$0.2845).

The value of Japan's total production of toys of all types has normally averaged between 60,000,000 and 70,000,000 yen. The 1938 value was estimated at more than 100,000,000 yen, based on the theory that the total export value accounts for about one-third of production. Exports of toy in that year were reported to be valued at 42,290,000 yen. With exports from Korea and other former overseas territories added, the aggregate total was well over the level of 45,000,000 yen. Exports included toys made of metal, valued at more than 9,000,000 yen; celluloid, 7,600,000 yen; wood, 4,900,000 yen; rubber, 4,200,000 yen; other materials used included paper, tissues, potteries, glass, bamboo, furs, and shell.

After 1938, exports of toys decreased substantially. However, the export figure of 1938 was said to be well over the 20,000,000 yen mark and for the first half of 1940, more than 9,000,000 yen.

The United States has regularly been the leading purchaser of Japanese toys, followed by Great Britain, British India, Australia, Canada, the Netherlands Indies, and the Union of South Africa, those areas taking fully 78 percent of the total exports in 1937.

With regard to future exports, it is said that a considerable amount may go to the Asiatic Continent and to the South Sea regions. It is said that quantities now are being shipped to those districts in the form of collateral goods for the import of food-stuffs. As an example, sizable parcels of toys—approximately 3,000,000 yen in value—were assembled for shipment to Korea in March.

Hongkong, China, Japan Trade Reports

Gold and Silver Trade of Hongkong

Gold imports for the months of November totalled HK\$4,812,100; Mexico shipped here gold bars valued at \$4,602,100, and U.S. shipped gold coins valued at \$210,000. (Previous gold imports figures will be found in our issue of Nov. 20, page 9). Total gold imports for 11 months of 1946: \$14,557,658. Part of these gold imports have been secretly transported out of the Colony as gold exports are prohibited.

Silver exports for the month of November totalled HK\$20,658,377. Shipments to H.K. were: silver bars valued at \$194,196; silver dollars of a value of \$721,534; subsidiary coins \$3,984,050. Shipments to India aggregated: silver bars valued at \$11,397,814; silver subsidiary coins \$3,100,763; silver dollars valued at \$1,260,000.

No imports of silver were recorded. It is probable that the larger part of silver exports originated from local stocks held here for years by hoarders who now think that profitable prices paid in India and England should be taken advantage of. Another part of silver exports must have originated from Chinese sources; there is always some smuggling of silver into the Colony, and smuggling of gold out of the Colony carried on. Total silver exports for first 11 months of 1946, were valued at HK\$36,567,070. (Previous silver trade figures will be found in our Nov. 20 issue, page 9).

Japan's Trade with America

U.S. trade with occupied Japan has come back to prewar levels and promises to develop towards considerable expansion during the latter part of this year. The depreciation of US\$ must be considered when comparing the figures of U.S.—Japan trade below:

| | (in million US\$) | | | |
|-------------------------|---------------------------|-----------------|------|--------|
| | 1936-38 | monthly average | 1946 | |
| | (incl. Korea and Formosa) | June | July | August |
| U.S. exports to Japan | 20.3 | 16.9 | 16.9 | 20.2 |
| U.S. imports from Japan | 13.9 | 14.6 | 11.0 | 12.3 |

Hongkong's Trade with America

The monthly average for 1936-38 of U.S. exports to Hongkong was US\$1,392,000. U.S. exports to Hongkong for the months of January to August 1946 totalled US\$24.5 million. Monthly returns were, from January to August: US \$1.5—0.8—2.4—3.1—2.7—4.5—3.5—5.6 million.

Returns of the Hongkong Government state: Imports from U.S. for period January to August: HK\$65.6 million; for August: HK\$11.4 million.

The difference in U.S. and Hongkong trade returns is remarkable.

It can, to a small extent, be explained by difference in prices taken as basis for trade returns; in U.S. exports are recorded on f.o.b. basis while Hongkong Government registers imports at c.i.f. costs. However, the real reason for the very large difference is to be found in false statements made by a number of U.S. exporters who actually ship their goods to Shanghai but declare them as destined for Hongkong. They pay a rather small surplus amount for freight which, however, does not matter if they can get their goods to Shanghai.

It has become recently a rather frequent habit on part of many Shanghai exporters of goods to America to ship them not directly to U.S. but declaring them at the Shanghai Customs House as destined for Hongkong. From Hongkong such goods are transshipped to U.S. The reason for this manoeuvre is to be found in the exchange profits to be derived from surrendering H.K. dollar to Central Bank of China while in Hongkong U.S. dollars at the open funds rate are acquired. Even if only part of the foreign exchange can be obtained at the open market rate and the other part will have to be surrendered to Hongkong Exchange Control, the profit derived from exchange transactions makes the increase in shipping and transshipping charges from Shanghai via Hongkong to U.S. worth while.

U.S. Trade with China

American trade with China for the months of June, July and August of this year totalled, apart from Unrra and military surplus deliveries, US\$88 million exports to, and US\$29 million imports from China. Unrra deliveries for the three Summer months amounted to US\$47½ million.

| | June | July | August |
|---------------------------|------|------|--------|
| U.S. exports to China .. | 28 | 27.5 | 32.6 |
| U.S. Unrra deliveries ... | 25.7 | 14.9 | 6.8 |
| U.S. imports from China | 9.9 | 12.6 | 6.5 |

While American exports to China were on the increase during the last few months of the current year, Chinese exports to U.S. suffered considerable decline.

The export-import monthly averages for the years 1936-1938 were: U.S. exports to China US\$3,646,000; imports from China \$6,200,000.

In the prewar years of 1936-38 China had a favourable trade balance with U.S. of about \$2.6 million per month while the present unfavourable balance of trade (calculated on the returns of the Summer months) amounted to approx. US\$20 million.

China's trade with U.S. does not figure prominently at all; China imported during June-August 1946 only about 3½ to 4½ per cent. of total U.S. export goods, and delivered to U.S. only about 1½ to 1¾ per cent. of total U.S. imports. However, compared with prewar years of 1936-38 China-American trade has improved; U.S. exports to China increased about 7½ to 8½ times, and U.S. imports (as far as the Summer months of 1946 are concerned) by about 50 per cent. American world trade has, of course, during the period considerably increased: total U.S. exports have risen about three times over their prewar volume (average 1936-38), and foreign imports into U.S. are now about double what they were in 1936-38.

The Small Market

The "potential great market" of China remains still far from what American traders hoped for the postwar period. China has been only a small trading nation in prewar years; she usually ranked 18th to 22nd trading nation of the world, and her total trade

was only about one to 1½ per cent. of the world trade. American exports to China in prewar years were insignificant; most leading department stores sold more goods to the U.S. public than China bought from U.S. The well-known Macy's Department Store, New York, sold about one third more goods over the counter in one year than was the total of U.S. exports to China. Today with purchasing power increased and US\$ depreciation of approx. 30 to 40 per cent. department stores' sales in America have phenomenally exceeded prewar levels.

Most American business in China is conducted in anticipation of better days to come. However, China's present conditions have discouraged many of the more enterprising and optimistic business men who came over to China soon after the end of the war.

China's Exports

Success or failure of the endeavours of the Chinese Government to balance its very large trade deficit will depend on a substantial increase of foreign countries. China's principal exports are: bristles, tallow oil, tea, raw silk, embroideries and lace, silk piece goods, ores, and sundry manufactures. During 9 months of 1946 China's exports amounted only to about US\$100 million (an outside estimate) if one takes in consideration only Customs recorded shipments.

Chinese exports are divided into 31 groups and 356 return numbers of the Chinese Maritime Customs.

Treasure is separately accounted for. There were no gold or silver exports during 1946.

The total amount of exports for the first 9 months of this year aggregated CN\$226.7 billions. In our Dec. 11 issue all figures for sub-totals of exports and direction of exports were published.

The following articles were China's principal produce and merchandise exports for the first nine months of 1946: (in billions of CN\$).

Group 1: Animals & Animal Products (excl. hides, leather, skins, fishery & sea products) CN\$47.4 billions. U.S. took produce valued at CN\$33.9, followed by Britain with 4.79, Hongkong 4, and USSR 2.2.

Principal exports of Group 1 were: Living pigs (41,855 pigs valued at \$1.5; Hongkong taking 30,050 pigs for \$1.2) Bristles (3.3 million kilograms valued at \$37; U.S. taking 2.6 million kgs. for \$28.3; Britain 368,000 kgs. for \$4.6; USSR 172,000 kgs. for \$2.2; Hongkong 102,000 kgs. for \$1.8) Feathers (Duck, Goose, etc.) 17,600 quintals valued \$4.4; U.S. taking 15,300 quintals for \$4.

Smaller quantities of Eggs & egg products, pig intestines, musk, etc.

Group 2: Hides, Leather & Skins CN\$20.2 billion of which practically all went to U.S.

Group 3: Fishery and Sea Products CN\$1.1 billion, Hongkong taking almost all (\$96 billions).

Group 4: Beans and Peas \$8 billion, exported to Hongkong for \$.58 and Malaya .14.

Group 5: Cereals & Cereal Products \$1.4, exported to Japan .84, Hongkong .48.

Group 6: Vegetable Dyestuffs \$.29, exported to Hongkong and Britain.

Group 7: Fresh, dried and preserved fruits \$3.39, Hongkong taking 2.8.

Group 8: Medicinal substances & spices \$10.8, Hongkong taking 9.1 billion worth of goods, followed by Britain, Indochina and U.S. Mainly: 110,000 quintals of cassia lignea, valued \$3.3; medicinal substances 51,000 quintals valued \$5.9.

Group 9: Oils, tallow & wax \$27.8, purchased by U.S. for 13.6, USSR 5, Hongkong 4.8, Britain 3. Practically all exports under this group were 177,000 quintals of wood (tung) oil valued at \$26.5.

Group 10: Seeds valued at \$1.2, Hongkong taking almost all groundnut, apricot, lotus, melon and other seeds for \$1 billion.

Group 11: Spirituous beverages: \$4.6, mostly to Hongkong .25, and Malaya .1.

Group 12: Sugar 1,295 quintals valued at \$88 million were exported to Hongkong and Britain, 1,149 and 90 quintals respectively.

Group 13: Tea \$6 billion, exported to Egypt valued at 1.2, Britain 1.1, India 1.1, U.S. 0.86. Quantities were: 13,000 quintals of black, 9,700 quintals of green tea, other teas 9,000 quintals.

Group 14: Tobacco \$1.5, to Hongkong .68, Egypt, .45, and Macao .37.

Group 15: Vegetables \$5, to Hongkong 3.4, Malaya .76, Siam .4.

Group 16: Other Vegetable Products (Beancurd, macaroni, gourmet powder, etc.) \$2.3, to Hongkong 1.5, Philippines .39, Malaya .24.

Group 17: Bamboo \$.6, mostly to Hongkong.

Group 18: Fuel \$1.8, mostly coal and firewood to Hongkong.

Group 19: Rattan \$14 millions, almost all to Hongkong.

Group 20: Timber, Wood, and manufactures thereof. \$2, of which Hongkong took 1.5.

Group 21: Paper \$2.87, Hongkong taking 1.77.

Group 22: Textile Fibres: \$30.4, exported to U.S. for 15.3, India 6.2, France 2.8, USSR 2.1. Practically all exports under this group, but for cotton waste, goats' hair, little hemp and ramie, were different kinds of raw silk. Of white raw silk U.S. imported (in kilos) 304,000, India 85,000, USSR 61,000, France 42,000.

Group 23: Yarn, Thread, & Plaited & knitted goods: \$10.9, exported to U.S. for 6.3, Hongkong 2, India .86, Canada .43. Largest exports were: embroideries, lace and trimmings, socks and stockings.

Group 24: Piece Goods \$9, shipped to India \$5, Hongkong 1.8, Malaya .6, U.S. .8 billion. Largest items: nankeens, silk piece goods, rayon piece goods, mixed piece goods, silk pongees.

Group 25: Other Textile Products \$7.9, to Hongkong 4.8, U.S. 1.7, Philippines .74. Mainly: towels, woollen carpets, clothing articles.

Group 26: Ores, Metals & Metallic Products \$8.3, purchased by USSR 4 billion, Hongkong 1.69, U.S. 0.26, Philippines 0.25, India .93, Canada 4.1, Brazil .21, Japan .2.

Main exports under this group: Wolfram ore (tungsten) 32,727 quintals to USSR valued \$3.5; 2,143 quintals to Hongkong valued at \$301 million. USSR imported further only 5,000 kilos of quick-silver valued at 500 million. Antimony regulus: 5,360 quintals to Hongkong for 217 million, and 2,200 quintals to Canada valued at 400 million. Gold and silverware (according to Customs figures) have been exported only to a value of CN\$373,000, weighing 35 hectograms. Iron and manufactures went mostly to Hongkong (2,686 quintals, valued at 467 million) and India (487 quintals, valued 894 million).

Group 27: Glass and Glassware \$708 million, shipped to Hongkong, Philippines and Siam.

Group 28: Stone, Earth, Sand and Manufactures thereof \$2.1 billion, of which Hongkong took goods valued .76, U.S. 643 million, Philippines 360 million.

Group 29: Chemicals and Chemical Products \$7.8, mainly exported to Japan for 3.2, Britain 2.9, Hongkong .74, and U.S. for .5. Japan imported from China only 1,300,000 quintals of salt; Britain mostly menthol crystals (6,800 kgs.); Hongkong 41,000 kgs. of chemical medicinal preparations, white alum, chemical compounds.

Group 30: Printed Matter \$483 million, shipped mostly to Hongkong.

Group 31: Sundry \$11.1, with U.S. taking goods valued 5.6 billion, and Hongkong valued 3.5. Main exports were: hats, fans, hair nets made of human hair, mats, electric lamps and lampware, jewellery (not gold and silverware), stationery, toilet requisites.

Sino-Soviet Trade

The actual amount of trade between USSR and China will be found in the article "China's Exports" elsewhere in this issue. The Soviet Union has been figuring only as a purchaser of Chinese tung oil, bristles, tungsten, quicksilver, raw silk. There is nothing mysterious about Chinese exports to USSR as some circles are led to believe especially by Scripps-Howard reporters.

Shipments of wolfram ore and other minerals from Hongkong to USSR are also publicly known and there is no "smuggling" involved as Scripps-Howard correspondents reported. The Soviet Govt., through their trade representatives, purchased from China certain quantities of ores, tung oil etc. which the returns of the Chinese Maritime Customs in Shanghai and the records of the local Import & Export Department clearly show.

China fulfills her obligations entered into early in 1940 (barter trade agreement) by delivering to USSR those items specified in the agreement. The National Resources Commission figures usually as the seller but the Central Trust of China is also prominent in buying in China for sales to USSR silk, tung oil, bristles (as well as probably for future shipments tea and chinaware).

Stock & Share Business

Business continued to be on a very small scale during the past week—with a further decline in rates.

Although certain shares have weakened more than others, there does not appear to be any general selling. It seems to come from quarters who are in need of the "ready".

There were buyers of Lights at 8½, Electrics 29½, Telephones 30, Trams 27½, Hotels 15, Watsons 20½, Dairies 30 after business done.

Banks and Insurances were taken off the market at quoted rates and continue in demand. Cements dropped to 11½ at one time but firmed up to 11¾ and 12.

Hongkong Lands 78, Humphreys 17, Wharves 125, and Providents 11½ changed hand in small lots.

At the close the market is a little more sensitive to buying enquiries especially for shares which have declined more as a result of distressed sales than otherwise. There does not appear to be much scrip on offer.

A broker when asked about the continued weakness of local share prices expressed himself in rather pessimistic terms. He stressed that last week saw a number of forced sales which depressed prices more than otherwise would have been the case. In some cases when buyers were bidding about 5 to 10 per cent. under, many sellers accepted. Tightness of money may lead, in the opinion of a number of brokers, to further though small declines. Many Chinese clients appear to have adopted a "wait & see" policy and are inclined to believe that a weak market will continue right up to Chinese New Year (January 22nd).

Canton Insurance paid a handsome dividend of \$50 on Dec. 13, and Lane Crawford made payment of the interim dividend on Dec. 16, amounting to \$2-

Shanghai Stock Exchange

In the light of the spectacular rises of gold and foreign currencies during last week the losses incurred by Chinese shareholders have been magnified. The favourite share, Wing On Textile, which stood at CN\$850 in the beginning of October came down last week (December 11) to CN\$393. Similar slumps were suffered by all the other listed shares (20 in all). From beginning of October to about middle of December share drops amounted to an average of 50 to 60 per cent. Mayer Silks were much over 4,000, Standard Shirts around 280, while on Dec. 11 these prominent shares quoted only CN\$1,320 and 126 respectively. (Full prices will be found in our Statistical Section).

The actual loss of Chinese shares when compared to US\$ and gold prices, which are the standard of ALL comparisons in Shanghai, is much greater than 50 or 60 per cent.; the American dollar has meanwhile improved in terms of CN\$ by about 25% (taking Dec. 11 as deadline and ignoring the skyrocketing of US\$ at the end of the week) and gold went up about 30%. Consequently the share market drop equalled some 80 per cent.

Sharebrokers take a very despondent view of the market since the production at loss or a very small profit carried on by most industries in Shanghai can only discourage genuine investors from coming into the market. There is still much activity in the Stock Exchange where weekly around 30 to 40 million shares on the spot, and 10 to 20 per cent. more shares on the forward market are traded in. The weekly turnover on the spot market, computed into foreign exchange, would equal about US\$1 to 1½ million. Much if not most of it is purely speculative with the same shares continuously changing hands.

Bankruptcies

The number of business failures has increased last week and rumours were spread about several reputable firms which are believed to be unable to meet their obligations but so far have been receiving support from some native banks. However, several banks are also in a shaky condition caused by the non-payment of loans due with no prospects of a settlement. The pessimism prevailing now in Shanghai is nourished by the "bears" who are cashing in on the decline of business. The exorbitant rate of black market interest is blamed for much of the disaster which is about to overtake Shanghai. The settlement days before Chinese New Year (third week of January 1947) are regarded as proper Judgment Days; market observers believe that bankruptcies will amount to about US\$100 million. National and Municipal Governments show concern and talk frankly about the consequences of this expected collapse. However, no remedy seems to have been found yet. On the contrary, labour costs are still rising and labour organisations show no trace of cooperating with the private or bureaucratic industrialists. That the big Department Stores are operating at a loss and daily selling out their goods under cost prices, only in order to cover inflated wage obligations and overheads, is no longer a secret. The share investors have taken the necessary consequences.

Interest rates which were demanded and paid amounted during recent months to 14—25 per cent. per month. When first stagnation and later even price declines of commodities set in, no loans could be settled. Practically the whole city of Shanghai lives and operates on borrowed money; now the bottom has fallen out of this unsound and partly fraudulent business proposition of Shanghai, and among other sufferers the unfortunate share investors will have to take great losses.

Financial Notes

Money Tightness

Continued tightness of the local money position has forced overbought commodity importers and speculators to unload their goods. Prices have come down and the tendency for further slumps in a large number of foreign imports is obvious. The only exception was made by some industrial chemicals, notably caustic soda which, upon reports of a world shortage and heavy local and China demand, skyrocketed within about one month by approx. 100%. Dyestuffs increased also within one month by about 50%. The Shanghai market for industrial chemicals was very strong since stocks of German dyestuffs appear to have come almost to an end. Hongkong stocks are small and therefore, under heavy outport buying pressure, local quotations went up.

Chinese exporters in Canton and South China were heavy sellers in Hongkong; produce of any description, tung oil, bristles, antimony, mica, cassia etc. were offered at much cheaper prices.

The unofficial stock and share market is also suffering from the effects of the tight money position. The outlook for even a partial lifting of the Moratorium which previously was regarded as within reach is not encouraging at all.

Shanghai Capital Flight

The Chinese Ministry of Finance has informed once again the Shanghai Brokers' Association and Native Banks in China that they are not permitted to open offices outside China without first obtaining a Govt. licence. Those Chinese banks and brokers' offices which have opened offices abroad, f.i. in Hongkong, without obtaining a Govt. permit will have to close down.

The Finance Ministry desires to extend its control over all Chinese establishments abroad which have their head office in China. Such control is attempted to lead to curtailment of the current capital flight.

However, the current insecure and confused financial conditions in Shanghai and elsewhere in China are not favouring such well-meant Govt. intentions.

Oversea Remittances

The amount of oversea Chinese remittances has been maintained on about the same level during recent months. Remittances to Hongkong are increasing while remittances to cities in Fukien and Kwangtung have dropped off. All banks in Canton registered remittances from Americans and other oversea Chinese for the month of September of only about US\$1,700,000.

At the beginning of this year the monthly average receipts by Chinese banks from oversea remittances were estimated at US\$5 million. The unfavourable exchange rate of Central Bank of China forced the oversea Chinese to remit money via Hongkong to their relatives. Only between US\$1½ to 2½ have been remitted during recent months directly to China, the rest—estimated at between US\$5·6 million—has most likely passed through Hongkong. The US\$ demand drafts issued in America have become quite common means of payment among the merchants in Canton, Amoy, Swatow and Toishan.

The Chinese Govt. banks are studying a plan to promote oversea remittances to China. For that purpose a special rate will be granted to oversea Chinese so as to attract their money. On the other hand, as a negative measure, the circulation of US\$ drafts in China will probably be prohibited.

Swan, Culbertson & Fritz

The leading foreign stock brokerage firm and investment bankers of Shanghai, the American company of Messrs. Swan, Culbertson & Fritz, have registered as a Chinese company and organised themselves under the name of "Sing Foong Co., Ltd." under the Chinese Company Law. However, the owners (3 Americans and 1 Swiss) remain the same as before.

Commissioner of Customs

After the sudden death of Mr. John Pritchard whose appointment by the Chinese Govt. to the post of Commissioner of Customs was very loudly assailed by the nationalists in Nanking, Mr. Liu Ping-yi has been nominated by the Finance Ministry as new Commissioner of Chinese Maritime Customs.

Enemy Properties

The Chinese Govt. has so far derived from sales effected through Alien Property Administration and Customs an amount of over US\$100 millions. Only comparatively few items remain to be auctioned off in Shanghai which will possibly bring an US\$ equivalent of about 20 million. In addition to the above the Central Trust of China has also, on behalf of Govt., sold enemy and "puppet" properties and commodities which have so far yielded about US\$ 10 to 15 million.

Hongkong Clearing House

The clearing amount for November amounted to \$398,952,772, a rise of 0.82 per cent. over the October figure. In issues of Nov. 13 and Oct. 16 previous clearing figures will be found.

Figures of the Hongkong Clearing House for July-December 1941 will be found below:

| | |
|-----------------|---------------|
| July | \$210,172,999 |
| August | 189,308,002 |
| September | 206,213,719 |
| October | 181,200,492 |
| November | 176,804,447 |
| December | 57,324,882 |

Hong Kong Airfield

Kaitak handled during the month of November 324 aircraft against 281 of the preceding month. For the period January to November 1, 1,459 civil aircraft arrived at and departed from Hong Kong air field. This figure does not include the R.A.F. planes which have been carrying passengers and freight in order to assist in the rehabilitation of civil air transport of the Colony.

The total of passengers, carried inward and outward, for the first 11 months of 1946 was 21,000; air freight carried by civil aircraft for the same period aggregated 166,000 kilos. Following are detailed returns for the month of November:

| | Civil Aircraft | Arrivals | Departures |
|----------------------------|----------------|-------------|------------|
| (2) Passengers and Freight | | 164 | 160 |
| Passengers | 2,463 | 1,925 | |
| Freight | 23,610 kgs. | 12,103 kgs. | |

There were no commercial developments of special interest during the month. On the 6th November a Sky-master aircraft of Pan American World Airways arrived on a survey flight and it is possible that in due course regular services calling at Hong Kong will be established by this company.

There are now eight aircraft bearing Hong Kong registration of which four are air transports and the remainder training aircraft.

Aviation Reports

Sino-Soviet Aviation Corporation

This joint USSR-China airline operating in China has established in December 1939, the contractors being Chinese Ministry of Communications, and Central Soviet Aviation Administration. The Chinese and USSR Governments have jointly subscribed capital.

Headquarters of the corporation is in Tihwa. The only line operating connects Hami (eastern Sinkiang) with Alma-Ata in the USSR. The cities of Tihwa and Ili are called on regularly by the airline. The total length of the route is 1,415 kilometres which is flown in about 6 hours (single trip).

The Chairman of the Corporation is Mr. Liu Che-yung; general manager Mr. Culoviyov, assistant manager Mr. Li Ju-tung.

Three planes are in operation, being of the DC-3 type.

For the period January to July the returns of the Corporation are as follows: 102,000 kilometres, 53,664 passengers, 11,392 kgs. of mail, 39,486 kgs. of freight. The large number of passengers suggests very active trade between USSR and western China.

The airline links up Alma-Ata with Moscow, and Hami (by CNAC planes) with Nanking and Shanghai.

Kowloon—Canton Railway

The British section of Kowloon-Canton Railway handled for the period January to October a total of 1,093,000 passengers and 185,600 tons of freight. Future development of the railway depends on quicker deliveries of necessary supplies, in particular rolling stock, and costs of materials.

Following are detailed returns for passengers and freight carried for the first 10 months of the year:

| | |
|-------------------------|------------|
| (1) Passengers carried: | |
| 1946 | Nos. |
| Jan.-Aug. | 804,474 |
| Sept. | 119,008 |
| Oct. | 169,656 |
| (2) Freight carried: | |
| 1946 | Tons |
| Jan.-Aug. | 132,404.25 |
| Sept. | 26,838.5 |
| Oct. | 16,359.75 |

Exchange Markets

Hongkong

The decline of the Chinese dollar had been spectacular during the latter part of the week (Dec. 9-14). Opening prices for spot and forward CN\$ on the open market were HK\$103 and 75¢ respectively; lowest prices during the week under review stood at HK\$87 and 54¢ for CN\$100.00. The week closed at HK\$95 for spot, and 67¢ for futures. The difference between spot and forward prices has further increased pointing towards loss of confidence in the value of CN\$. The forward dollar is between 30 to 40% cheaper than the spot dollar; but even at very low prices CN\$ futures are hard to put through.

Gold bars opened on Monday (Dec. 9) at HK\$333¢ per tael, and continued weak during all trading days. Sellers were anxious to dump rather large quantities of bars and coins. The lowest price during the week was recorded on Dec. 14 with \$300; the week's closing price stood at \$308¢.

US\$ bank note trading was easy although prices were well maintained. The T.T. New York rate dropped slightly under some pressure of selling; prices fluctuated between HK\$ 5 to 5.10 per one US\$. Drafts held in Hongkong sold somewhat cheaper than T.T.

The open market sterling was neglected and tendency was weak.

Shanghai

Throughout the week no reliable quotations for the "black" U.S.\$ were available. Exchange shops quoted a buying rate but when it came to selling they usually refused to come out with bank notes stating only an approximate price which was to be regarded as an indication only. Week's opening price was CN\$5,200 for bank notes and about 5,800 for T.T., smaller amounts only.

On Dec. 12 a heavy break in the market occurred which drove the bank note price up to CN\$8,700 with still no sellers appearing in any appreciable number. The highest bank note price during the week under review was CN\$8,800 while some US\$ drafts and T.T. New York transactions were reported to have been put through at the record rates of CN\$7,500 per one US\$.

HK\$ was much in demand and stood at the end of the week at CN\$1,350 (selling). A considerable number of speculators in Shanghai, in anticipation of future demand for HK\$ by traders and "travellers", is creating a shortage of HK\$. Private money hoarders, exchange shops, native banks and a good number of merchants hold in Shanghai tens of millions of HK\$. Most of the Shanghai hoard originated during the Japanese war years when big sums of "new" (dureess) \$500 bills were brought into Shanghai, and have since not left this city.

HONGKONG'S TRADE

For November, and for First Eleven Months of 1946

TOTAL VALUES OF IMPORTS & EXPORTS OF MERCHANDISE BY COUNTRIES FOR JANUARY TO NOVEMBER PERIOD

| COUNTRIES | Imports from | | Exports to | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 1939 | 1946 | 1939 | 1946 |
| United Kingdom | 37,220,294 | 34,371,100 | 19,323,310 | 15,207,462 |
| Australia | 6,405,337 | 33,840,754 | 3,302,090 | 3,648,705 |
| Burma | 1,026,476 | — | 5,135,544 | 1,539,580 |
| Canada | 4,362,182 | 10,330,594 | 2,193,842 | 758,406 |
| Ceylon | 248,803 | 235,927 | 1,298,722 | 2,504,328 |
| East Africa | 338,210 | 765,900 | 173,645 | 62,780 |
| India | 8,594,125 | 43,411,342 | 8,168,104 | 20,151,544 |
| Malaya (British) | 12,056,350 | 65,217,079 | 40,303,658 | 151,690,105 |
| New Zealand | 368,362 | 169,247 | 712,772 | 199,711 |
| North Borneo | 2,888,297 | 2,651,597 | 1,492,431 | 1,800,892 |
| South Africa | 1,455,667 | 388,611 | 3,176,107 | 838,485 |
| West Africa | — | — | 1,044,755 | 67,370 |
| West Indies | 3,399 | 700 | 4,627,330 | 143,064 |
| British Empire, Other | 533,297 | 19,811,061 | 2,654,261 | 895,490 |
| Belgium | 5,705,241 | 8,762,597 | 1,320,407 | 1,196,538 |
| China, North | 147,019,571 | 83,165,162 | 40,931,386 | 89,915,542 |
| China, Middle | 13,495,120 | 41,568,991 | 21,944,215 | 45,396,963 |
| China, South | 41,581,715 | 163,580,594 | 21,190,139 | 131,937,306 |
| Cuba | 4,856 | — | 194,420 | 112,965 |
| Central America | 10,762 | 77,208 | 1,794,023 | 113,943 |
| Denmark | 1,730,165 | 1,321,558 | 960,248 | 2,558,398 |
| Egypt | 88,556 | 313,309 | 360,531 | 1,979,988 |
| France | 2,586,603 | 2,044,767 | 6,697,321 | 2,396,445 |
| French Indo China | 34,737,470 | 57,809,685 | 51,630,306 | 30,966,338 |
| Germany | 13,024,011 | — | 12,612,096 | — |
| Holland | 4,127,383 | 675,769 | 6,094,392 | 1,748,146 |
| Italy | 1,456,343 | 4,632,270 | 333,683 | 367,132 |
| Japan | 25,266,478 | — | 5,279,182 | 186,434 |
| Kwong Chow Wan | 22,993,478 | 4,945,070 | 40,547,408 | 2,701,898 |
| Macao | 29,187,756 | 69,857,375 | 40,620,983 | 29,421,687 |
| Norway | 642,466 | 7,263,545 | 598,512 | 1,582,065 |
| Netherlands East Indies | 33,869,650 | 4,456,007 | 13,946,199 | 3,670,381 |
| Philippines | 2,141,592 | 14,316,363 | 10,478,584 | 13,047,810 |
| Portugal | 85,935 | 522,288 | 11,663 | 40,668 |
| Siam | 27,741,564 | 26,217,753 | 13,457,789 | 43,465,748 |
| South America | 659,355 | 86,674 | 1,214,603 | 214,909 |
| Sweden | 702,186 | 1,442,881 | 875,784 | 2,857,973 |
| Switzerland | 927,738 | 4,058,290 | 35,400 | 5,114 |
| Spain | 266,710 | 119,182 | — | — |
| U.S.A. | 48,954,203 | 109,965,959 | 66,569,958 | 71,263,141 |
| U.S.S.R. | — | — | — | 4,855,644 |
| Others (including U.S.S.R. in 1939) | 4,959,899 | 1,640,864 | 33,342,907 | 2,868,294 |
| TOTAL | 539,388,585 | 820,039,073 | 486,648,810 | 693,199,392 |
| Total British Empire | 75,451,779 | 211,198,912 | 93,606,671 | 199,327,922 |
| Total Foreign | 463,936,806 | 608,845,161 | 393,042,139 | 493,871,470 |

TOTAL VALUES OF IMPORTS & EXPORTS BY MAIN GROUPS FOR JANUARY TO NOVEMBER PERIOD

| Articles | Imports | | Exports | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 1939 | 1946 | 1939 | 1946 |
| Animals, Live | 12,997,631 | 28,938,430 | 403,416 | — |
| Building Materials | 7,222,114 | 18,673,534 | 2,880,121 | 3,180,300 |
| Chemicals & Drugs | 7,012,175 | 25,784,618 | 6,514,028 | 21,236,208 |
| Chinese Medicines | 23,560,058 | 61,089,445 | 21,106,776 | 56,901,136 |
| Dyeing & Tanning Materials | 7,660,226 | 10,290,131 | 8,443,935 | 7,896,663 |
| Foodstuffs & Provisions | 122,520,797 | 190,217,775 | 97,888,186 | 104,209,121 |
| Fuels | 14,936,271 | 10,532,558 | 661,334 | 528,170 |
| Hardware | 4,401,590 | 4,411,152 | 4,075,723 | 7,498,598 |
| Liquors, Intoxicating | 4,290,693 | 10,364,197 | 1,373,579 | 5,805,030 |
| Machinery & Engines | 10,044,278 | 5,822,795 | 6,845,202 | 1,334,643 |
| Manures | 7,737,891 | 1,234,623 | 7,902,481 | 3,899,416 |
| Metals | 35,214,896 | 35,026,634 | 36,102,428 | 35,752,934 |
| Minerals & Ores | 4,452,060 | 1,121,870 | 21,625,975 | 1,598,362 |
| Nuts & Seeds | 9,077,280 | 19,122,131 | 5,917,482 | 10,628,110 |
| Oils & Fats | 79,139,700 | 99,024,519 | 63,281,318 | 123,557,765 |
| Paints | 1,811,854 | 3,385,954 | 1,688,442 | 3,748,738 |
| Paper & Paperware | 9,487,519 | 31,761,052 | 7,189,708 | 28,809,180 |
| Picnic Goods & Textiles | 89,379,908 | 81,347,827 | 67,875,069 | 121,430,341 |
| Railway Materials | 83,194 | 5,521 | 76,033 | 16,926 |
| Tobacco | 9,049,448 | 20,981,361 | 8,911,200 | 5,223,593 |
| Vehicles | 13,158,455 | 12,857,817 | 20,021,211 | 1,831,681 |
| Wearing Apparel | 3,962,476 | 9,388,239 | 25,255,440 | 17,285,967 |
| Sundries | 62,178,071 | 138,656,890 | 70,609,723 | 130,826,510 |
| Merchandise Total | 539,388,585 | 820,039,073 | 486,648,810 | 693,199,392 |
| Treasure | 5,304,683 | 14,557,858 | 74,964,098 | 36,567,070 |
| Grand Total | 544,693,268 | 834,596,731 | 561,612,908 | 729,766,422 |

Gold buyers were rushing in for Central Bank gold bars and prices increased from CN\$287,000 per oz. (week's opening) to CN\$314,000 on Dec. 14. Record price for gold during the week was CN\$340,000.

In view of the phenomenal increase in US\$ prices the gold cross rate came down to about US\$52 per troy oz. The Hongkong cross rate for gold dropped to about US\$49 to 50 per oz.

Financial circles in Shanghai expected an early devaluation proclamation by Govt. of the CN\$. indiscreet Chinese officials who

were believed to be "in the know" spread these stories which led to the sudden jump in black market exchange. The financial position in Shanghai is confused and speculators try to take advantage of it. It is clear that the present position cannot be maintained; the unofficial market price of US\$ is about 80% higher than the Central Bank rate. Demand for US\$ continues strong and the open market price must therefore increase and remain on a high level apart from all rumours and anticipations.

November Trade of Hongkong

(By a Trade Analyst)

Imports of merchandise into the Colony of Hong Kong during the month of November, 1946 amounted to a declared value of \$80,917,749 as compared with \$48,864,498 in the month of November, 1939.

Exports of merchandise totalled a declared value of \$83,116,024 as compared with \$39,834,340.

Imports during the first eleven months of 1946 amounted to a declared value of \$20,039,073 as compared with \$539,388,585 in the first eleven months of 1939.

Exports totalled \$693,199,392 as compared with \$486,648,810.

No cognizance has been taken in the following tables of Government sponsored cargoes.

TOTAL VALUES OF IMPORTS & EXPORTS OF MERCHANDISE BY COUNTRIES FOR NOVEMBER 1939 & 1946

| COUNTRIES | Imports from | | Exports to | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | November 1939 | November 1946 | November 1939 | November 1946 |
| | \$ | \$ | \$ | \$ |
| United Kingdom | 1,460,481 | 3,576,538 | 2,016,725 | 837,594 |
| Australia | 875,914 | 5,203,745 | 478,330 | 348,966 |
| Burma | 28,796 | — | 312,188 | 580,135 |
| Canada | 206,398 | 1,074,117 | 249,410 | 160,200 |
| Ceylon | 17,237 | — | 201,259 | 1,505,634 |
| East Africa | 28,731 | 308,308 | 19,003 | — |
| India | 1,188,122 | 1,454,058 | 1,143,424 | 3,154,783 |
| Malaya (British) | 938,367 | 5,753,501 | 5,771,107 | 9,987,773 |
| New Zealand | 9,835 | 61,061 | 58,875 | 38,182 |
| North Borneo | 341,550 | 623,944 | 191,032 | 549,270 |
| South Africa | 10,884 | 157,675 | 637,461 | 35,413 |
| West Africa | — | — | 101,564 | 17,639 |
| West Indies | 690 | — | 419,934 | 5,402 |
| British Empire, Other | 80,677 | 87,868 | 230,670 | 192,937 |
| Belgium | 142,661 | 2,137,154 | 12,784 | 213,536 |
| China, North | 16,787,685 | 6,188,524 | 3,062,856 | 9,180,830 |
| China, Middle | 176,040 | 2,764,233 | 183,713 | 9,011,803 |
| China, South | 3,989,003 | 20,899,066 | 1,323,815 | 19,266,634 |
| Cuba | 1,200 | — | 54,887 | 32,708 |
| Central America | — | — | 160,737 | 6,413 |
| Denmark | 42,545 | 173,488 | 118,664 | 82,718 |
| Egypt | 4,330 | — | 115,128 | 482,820 |
| France | 98,478 | 992,435 | 414,430 | 280,540 |
| French Indo China | 3,607,698 | 3,896,703 | 3,265,264 | 1,474,169 |
| Germany | 43,732 | — | — | — |
| Holland | 153,829 | 565,232 | 323,816 | 179,837 |
| Italy | 90,196 | 1,738,484 | 156,008 | 105,718 |
| Japan | 2,300,047 | — | 701,154 | 185,000 |
| Kwong Chow Wan | 2,429,878 | 569,553 | 3,342,415 | 706,934 |
| Macao | 2,721,442 | 6,556,473 | 3,860,303 | 3,112,606 |
| Norway | 38,956 | 759,200 | 135,615 | 111,439 |
| Netherlands East Indies | 3,192,853 | 1,260,557 | 1,582,741 | 553,433 |
| Philippines | 234,458 | 1,724,901 | 812,976 | 3,560,997 |
| Portugal | 5,107 | 28,470 | — | 30,820 |
| Siam | 3,466,774 | 2,362,455 | 1,513,947 | 3,563,987 |
| South America | 18,950 | — | 205,853 | 2,400 |
| Sweden | 34,726 | 446,778 | 200,348 | 130,620 |
| Switzerland | 19,015 | 1,328,248 | 35,400 | 5,114 |
| Spain | 19,448 | 40,204 | — | — |
| U.S.A. | 3,859,040 | 7,632,028 | 3,497,743 | 11,822,427 |
| U.S.S.R. | 201,225 | 552,748 | 2,923,061 | 2,598,613 |
| TOTAL | 48,864,498 | 80,917,749 | 39,834,340 | 83,116,024 |
| Total British Empire | 5,185,682 | 18,300,815 | 11,831,082 | 16,413,928 |
| Total Foreign | 43,678,816 | 62,616,934 | 28,003,258 | 66,702,096 |

TOTAL VALUES OF IMPORTS & EXPORTS BY MAIN GROUPS FOR NOVEMBER 1939 & 1946

| Articles | Imports | | Exports | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | November 1939 | November 1946 | November 1939 | November 1946 |
| | \$ | \$ | \$ | \$ |
| Animals, Live | 942,982 | 2,962,240 | 39,749 | — |
| Building Materials | 483,588 | 1,819,340 | 369,200 | 174,507 |
| Chemicals & Drugs | 523,799 | 2,500,692 | 499,411 | 2,183,399 |
| Chinese Medicines | 1,347,827 | 2,949,176 | 2,025,614 | 3,985,667 |
| Dyeing & Tanning Materials | 177,800 | 1,122,150 | 465,840 | 1,453,935 |
| Foodstuffs & Provisions | 13,019,665 | 15,364,103 | 9,056,373 | 14,326,110 |
| Fuels | 2,357,222 | 861,001 | 94,217 | 212,476 |
| Hardware | 298,840 | 380,665 | 320,289 | 1,308,827 |
| Liquors, Intoxicating | 329,917 | 1,267,125 | 138,552 | 860,641 |
| Machinery & Engines | 293,998 | 149,613 | 292,640 | 367,567 |
| Manures | 4,620 | 24,590 | 342,659 | 419,710 |
| Metals | 1,813,883 | 5,442,798 | 1,637,229 | 6,858,744 |
| Minerals & Ores | 162,006 | 75,156 | 495,222 | — |
| Nuts & Seeds | 668,548 | 1,386,092 | 457,825 | 1,059,152 |
| Oils & Fats | 11,335,967 | 11,665,320 | 4,942,458 | 22,278,479 |
| Paints | 70,414 | 205,685 | 151,630 | 657,782 |
| Paper & Paperware | 435,432 | 4,848,372 | 1,063,074 | 3,783,151 |
| Piece Goods & Textiles | 8,296,422 | 7,757,650 | 6,529,672 | 3,769,173 |
| Railway Materials | 7,042 | — | — | — |
| Tobacco | 481,182 | 1,836,525 | 433,757 | 700,750 |
| Vehicles | 451,532 | 1,670,524 | 772,167 | 743,196 |
| Wearing Apparel | 518,772 | 1,121,303 | 3,109,705 | 996,864 |
| Sundries | 4,843,040 | 15,557,629 | 6,597,057 | 16,975,894 |
| Merchandise Total | 48,864,498 | 80,917,749 | 39,834,340 | 83,116,024 |
| Treasure | 4,581,626 | 4,812,100 | 7,387,454 | 20,658,377 |
| Grand Total | 53,446,124 | 85,729,849 | 47,221,794 | 103,774,401 |

The import and export figures for November issued by the Statistical Section of the Imports and Exports Department are presented in a modified form. Conforming to the practice of other countries, treasure is now shown separate from other merchandise, which permits a more accurate picture to be obtained of the movement of general commodities.

Compared with October imports have fallen from \$107½ million to \$85½ million while exports have increased by some \$10 million, but treasure exports are \$15½ million above the November figures.

Imports from the United Kingdom have fallen by \$4 million, from British Malaya by \$3 million, which was probably due in part to the shipping strike in Singapore. Imports from North China have fallen by \$4 million, from French Indo China by \$4 million, but the largest decrease has been a fall of \$11 million in imports from U.S.A. This again is probably explained by the shipping strike on the West Coast. Other countries which have sent Hong Kong appreciably fewer commodities are the Philippines and Siam. On the other hand imports from Australia, India, France and Switzerland show an increase, and there are signs of improvement from the Netherlands East Indies.

The outstanding figure on the export side is the jump of exports to India from \$2½ million in October to nearly \$19 million in November. Of this latter figure, however, exports of treasure represent \$15½ million. South China took an additional \$3 million's worth of goods in the month under review; Ceylon, U.S.A., and the Philippines an additional \$1 million. Siam, however, was \$2 million short of the previous month's figures, while Russia did not buy anything, due probably to the lack of a regular shipping service to that country. Exports to the United Kingdom increased by \$5 million, but this was almost wholly accounted for by increased exports of treasure.

The decrease in imports compared with October was most marked in Metals (\$5 million), Piece Goods and Textiles (\$4 million), but foodstuffs, tobacco and Chinese medicines were down by \$2 million each.

Only foodstuffs showed a substantial increase in exports (\$3 million); the effect of the government's prohibition on the export of textiles was shown by a decrease of \$10 million in piece goods and textiles figures, and of \$1 million in wearing apparel. In sympathy with the reduction in imports the export of metal fell by \$2 million, while oils and fats showed a decline of \$6 million. Dyeing and tanning materials and paperware showed a substantial drop while minerals and ores disappeared from the export list altogether.

Prices of China Produce in U.S.

As on December 14:

| | |
|---|-----------------|
| Cassia Oil, per pound, F.O.B. New York | \$ 3.35 to 3.75 |
| Aniseed Oil, per pound, F.O.B. New York | 1.25 to 1.40 |
| Antimony, American, 99½ percent grade in bulk of carload lots, F.O.B. Texas | 0.23 |
| Bristles, F.O.B. New York, per lb. as follows: | |
| Hankow, Regular assortment | 4.40 |
| Chungking, Regular assortment | 3.25 |
| Shanghai, Regular assortment | 2.20 |
| Tientsin, short 55's | 4.85 |
| Tung Oil, in tank cars per lb. F.O.B. New York | 0.384 |
| Sandalwood Oil, in drums (depending on sellers' quantity and quality) | 11.15 to 20.00 |

COMPANY NEWS

THE INDO-CHINA STEAM NAVIGATION CO., LTD.

Issued Capital: £495,890 consisting of:—

| | |
|--------------------------------------|---------------------------|
| 49,589 Cum. Preferred Ord. £5 shares | Present price: not quoted |
| 49,589 Deferred Ordinary £5 shares | ,, , £16 London |

Debentures: Nil.

Business: Shipping.

Profits: Net Profit for 1941 £203,000. Net Profit for 1942 to 1945 £71,000. After deducting War Losses £12,000, balance of Profit available = £280,000, which has been appropriated as follows:—Dividend of 6% from 1932 to 1945 on Prefd. Ord. = £208,000, 5% on Defd. Ord. = £12,000, to General Reserve £40,000, carried forward £19,000.

Comparative earnings figures.

| Year | Net Profit £ | Earned on Defd. | Dividends paid | | Price Range | | | | | |
|---------|--------------|-----------------|-------------------------------------|-------|---------------|------|-----|---------------|------|-----|
| | | | Prefd. | Defd. | Prefd. | High | Low | Defd. | High | Low |
| 1942-45 | 71,000 | — | 14 years arrears paid for 1932-1945 | 5% | 6th Dec. 1941 | | | 6th Dec. 1941 | | |
| 1941 | 203,000 | 75.6% | | | \$100 | | | \$110 | | |
| 1940 | 238,000 | 89.8% | 4 years arrears for 1928-1931 | Nil | | 100 | | | 80 | |
| 1939 | 35,000 | 8.1% | 1 year's arrears for 1927 | Nil | | 60 | | | 30 | |
| 1938 | 95,000 | 32.3% | 1 year's arrears for 1926 | Nil | 60 | 51 | | 43 | 24 | |
| 1937 | 142,000 | 51.2% | Nil | Nil | 55 | 32 | | 50 | 32 | |

Balance Sheet: Current Assets £415,000 against current liabilities £395,000. Investments (British Government Securities) stand at £1,560,000 compared with £212,000 in 1941.

Position: Comparatively low profit for 1942-45 is apparently due to reduced earning power owing to losses of tonnage by enemy action. In line with other shipping companies, Indo-China is undoubtedly participating in the present shipping boom. Despite the restriction on certain spheres of its activities enforced by politics, the Company's relatively small capitalization should assist it in rendering a reasonable return to its shareholders.

The New Asiatic Chemical Works, Ltd., Hongkong

Notice to Shareholders

A resolution was passed on 25/11/46 by the Company in general meeting that the capital should be increased from H.K.\$500,000.00 to H.K.\$3,000,000.00 by the issue of 500,000 shares at H.K.\$5.00 per share.

At a directors' meeting held on the 11th of December, 1946, it was decided that for every old share held by him a shareholder should have the option to take up 1 to 5 new shares for which H.K.\$5.00 to H.K.\$25.00 would be payable, that such option should remain valid from 15/12/46 to 15/1/47 at the expiration of the latter date the Company should be entitled to offer the new shares for subscription to the public and that shareholders who were residents outside the Colony should employ the expeditious means to notify the Company at No. 16, Queen's Road Central for the purpose of taking up such new shares before the expiration date.

Attention of shareholders are drawn to the above and are requested to act accordingly.

By Order of The Board of Directors.

Hongkong, 11th December, 1946.

Green Island Cement Co., Ltd.

At the 53rd annual general meeting on Dec. 11, Mr. W. A. Stewart, the Chairman, reviewed conditions of this important local industry. He supplied information regarding the present state of the factory and plans which have been made for its rehabilitation. In accordance with the policy of denial to the enemy the plant was severely sabotaged by the Military on December 11, 1941, just prior to the evacuation of Kowloon. Losses suffered as a result of this action will form the subject of a special claim for compensation, as distinct from the claim under war reparations. Also included in this category is a claim for the value of 5,000 tons of cement which, under agreement with the Military authorities, it was required to keep constantly in stock for their possible needs in 1941.

Repairs of a temporary nature were carried out by the enemy which enabled them to operate one kiln and use up the majority of stocks of raw materials. The following machinery was removed by the enemy: One kiln with accessories, three Grinding mills with accessories, electrical sub-station, the entire saw mill and co-operative plant, and many pieces of auxiliary machinery. Losses of floating craft, three junches and six lighters. Of the eight lighters and grab dredger recovered, most were salvaged from the sea bed. Extensive damage was caused to buildings and the sea frontage by Allied bombing. Main buildings, however, were practically intact and the remaining plant is estimated to be able to produce approximately 50 per cent of pre-war manufacturing capacity.

Work on the clearance of the site and repairs were undertaken immediately and it was possible to commence manufacturing on a restricted scale in February of this year. Due, however, to large stocks of cement imported into the Colony by individual importers, with the resulting keen competition and slow clearance, it was decided to close down the plant at the end of June. There is no immediate prospect of resuming manufacture as stocks of cement and raw materials are large and clearance is very slow because of the sacrifice prices being quoted for imported cement by local stockists. There is a little comfort in the knowledge that importers and/or dealers who bought cement must have lost heavily on their transactions and are not likely to repeat their operations.

Present overdraft of the Company is approximately \$3,000,000. This is fully secured by stocks of cement and raw materials on hand and will be gradually liquidated by the proceeds of sales. In addition, however, there exists a liability for the purchase of new plant and machinery to a value of approximately \$3,000,000 and the resulting overdraft can only be liquidated by profits from future operations and/or any sums that might be received as war compensation.

To sum up the situation, the Chairman stated that the Company has suffered grievous war losses, but there is much to be thankful for. "We have valuable assets and our factory is in working order, capable of producing cement at competitive prices. The general anticipation of a building boom immediately following the liberation of the Colony did not materialise, but cannot be much longer delayed and when it eventuates our products should naturally be in demand."

A new cement plant was to be imported but the plan has been cancelled. Instead replacements to the existing plant will be undertaken at a cost of abt. £180,000.

Mr. N. V. A. Croucher, for the shareholders, stated: "It is of great interest to note that the Directors have submitted claims for compensation, as distinct from war reparations, for the damage caused our plant as the result of instructions from the British Military Authorities, and for loss of stocks held for their account in 1941. It is to be hoped that, in view of the losses the Company has suffered and its present difficult financial position, some relief will be forthcoming as a result of these special claims in the very near future.

It seems a great pity that, having accomplished so much in putting the factory into working order, it is not possible at present to continue manufacture. As an old established local industry which has served the interests of the Colony in the past, I feel that a certain amount of consideration should be given to us by the Government in the nature of either excluding or controlling import of cement."

Committee on Hawking

A Committee has recently been formed to consider and advise Government on the question of hawkers.

The full terms of reference are:—

- (a) To consider and report on the extent to which hawkers perform a useful role in the economy of the Colony.
- (b) To advise Government whether any alterations are needed in the system by which hawkers are at present regulated and controlled, with particular regard to the means by which evasion of the bye-laws relating to the licensing of hawkers and to their activities can most appropriately and effectively be checked.
- (c) To recommend what facilities should be provided to enable hawkers in adequate but not excessive numbers to perform useful functions for the community without detriment to the public health and convenience or to the legitimate interests of other traders.

Any person who wishes to make any representations or recommendations on this subject is hereby invited to send them in writing to the Secretary, Committee on Hawking, Secretariat for Chinese Affairs.

Hongkong Stocks & Shares

Quotations in HK\$

| December 16, 1941 | | December 14: Buyers Sellers | | Business done during the week | | December 16, 1941 | | December 14: Buyers Sellers | | Business done during the week | |
|----------------------|--------------------------|-------------------------------------|-------|-------------------------------------|-------|----------------------|-----------------|-------------------------------------|-------|-------------------------------------|--|
| 104½ | H.K. Govt. Loan—4% | 106 | — | — | — | 18 | H.K. Tramways | 27½ | 28½ | 28 | |
| | —do— | 3½% | 102 | — | — | 22½ | H.K. Electrics | 29 | 30 | 32/33 | |
| 1,445 | H.K. Banks | 1,345 | 1,355 | 1,350 | 18½ | 6.90 | Macao Electrics | — | 19 | — | |
| 450 | Union Insurances | 630 | 640 | 635 | 3.60 | China Lights (Old) | 8½ | 9½ | 8½/9 | | |
| 250 | Canton Insurances | 330 | 350 | 340 | 3.60 | China Lights (New) | 5 | — | — | | |
| 200 | H.K. Fire Insurances | 240 | 250 | 245 | 25½ | H.K. Telephones | (Old) | — | 30½ | 32½/30 | |
| 0.50 | China Underwriters | 1 | — | — | — | (New) | — | 18 | — | — | |
| 103 | Wharves | 132½ | 125 | — | 9½ | Green Island Cements | 11½ | — | — | 11½ | |
| 19.40 | Docks | — | 16 | — | — | H.K. Ropes | — | 9 | — | — | |
| 7.80 | China Providents | — | 12 | — | — | Dairy Farms | 29½ | 30 | 30 | — | |
| 120 | Douglas Steamships | 200 | — | — | 18.30 | A. S. Watsons | 20 | 20½ | 22/20 | | |
| 11 | H.K. C. & M. Steam-boats | — | 12 | — | 11½ | Lane Crawfords | — | 22 | — | — | |
| 55 | "Star" Ferries | — | 65 | — | 14½ | Wm. Powells | — | 3 | — | — | |
| 23½ | Yaumati Ferries | — | 23½ | — | 8 | China Emporiums | 4.20 | 4.40 | — | — | |
| 4½ | Hongkong Hotels | 15 | 15½ | 15/15½ | 2.40 | The Sun (H.K.) Ltd. | 2.50 | 2.70 | — | — | |
| 38.15 | H.K. Lands | — | 81 | — | — | Sincere Co., Ltd. | — | 6.20 | — | — | |
| 8½ | Humphreys Estates | — | 17 | 17 | — | — | — | — | — | — | |
| 4.30 | H.K. Realty & Trusts | 15 | 15½ | 15 | 3.70 | — | — | — | — | — | |

Hongkong Foreign Exchange Rates

Selling Rates for HK\$

December 15, 1946

| | |
|---------------|-----------|
| T/T London | 1/2.27/32 |
| " Shanghai | nominal |
| " Singapore | 52½ |
| " India | 82½ |
| " Canada | 24½ |
| " Australia | 1/6½ |
| " New York | 24½ |
| " Manila | 50.1/16 |
| " Bangkok | 243 |
| " France | 2970 |
| " Switzerland | 107 |

U.S. cross rate on London 4.02½, 4.03½.

London Foreign Exchange Rates

Selling Rates for £

| | October 10 | December 10 |
|-----------------------|------------|-------------|
| Hongkong | 1/3.1/16 | 1/3.1/16 |
| Shanghai | unquoted | unquoted |
| Singapore | 2½ | 2½ |
| New York | 4.03½ | 4.03½ |
| Montreal | 4.04 | 4.04 |
| India | 18.06 | 18.06 |
| Australia | 125½ | 125½ |
| South Africa | 100½ | 100½ |
| Palestine | 100½ | 100½ |
| Alexandria | 97½ | 97½ |
| Rangoon | 1/6.1/16 | 1/6.1/16 |
| French Empire | 480.30 | 480.30 |
| Stockholm | 14.50 | 14.50 |
| Zuerich (banknote) | 17.50 | 17.50 |
| Holland | 10.65 | 10.65 |
| Batavia | 10.70 | 10.70 |

New York Foreign Exchange Rates

Selling Rates for U.S.\$

| | Oct. 10 | Dec. 12 |
|-----------------|---------|------------|
| | US\$ | US\$ |
| 100 Hongkong | 25.20 | 25.24 |
| 100 Singapore | 47.55 | 47.55 |
| 1,000 Shanghai | 30.50 | 30.50 |
| 1 London | 4.03½ | 4.02.15/16 |
| 1 Australia | 3.23½ | 3.23½ |
| 100 Canada | 96½ | 95½ |
| 100 India | 30.30 | 30.26 |
| 1 South Africa | 4.03½ | 4.03½ |
| 100 France | 0.84½ | 0.84½ |
| 100 Portugal | 4.05 | 4.02 |
| 100 Sweden | 27.86 | 27.85 |
| 100 Switzerland | 23.40 | 24.25 |
| 100 Netherlands | 37.95 | 37.90 |
| 100 Batavia | 38.00 | 37.90 |

Chinese Government Bonds

in London in £

| | Nov. 8 | Dec. 10 |
|-------------------------|--------|---------|
| 5% Crisp Loan 1912 | 44 | 45 |
| 5% Reorg. Loan 1913 | 45 | 45 |
| 5% Canton Kowloon R'way | 24 | 24 |
| 5% Tientsin Pukow R'way | 26 | 24 |
| 5% S'hai Nanking R'way | 26 | 25 |
| 5% Lung-Tsing U. R'way | 26 | 23 |
| 5% Hukuang (1911) R'way | 26 | 24½ |
| 5% Honan (1905) R'way | 32½ | 30 |

Hongkong Stocks & Shares

Quotations in HK\$

| Business done during the week | | December 16, 1941 | | Business done during the week | | December 16: Buyers Sellers | | Business done during the week | |
|-------------------------------------|----------------------|----------------------|------|-------------------------------------|--------|-------------------------------------|--|-------------------------------------|--|
| 18 | H.K. Tramways | 27½ | 28½ | 28 | | | | | |
| 22½ | H.K. Electrics | 29 | 30 | 32/33 | | | | | |
| 18½ | Macao Electrics | — | 19 | | | | | | |
| 6.90 | China Lights (Old) | 8½ | 9½ | 8½/9 | | | | | |
| 3.60 | China Lights (New) | 5 | — | — | | | | | |
| 245 | H.K. Telephones | (Old) | — | 30½ | 32½/30 | | | | |
| 25½ | (New) | — | 18 | — | — | | | | |
| — | Green Island Cements | 11½ | — | — | — | | | | |
| — | H.K. Ropes | — | 9 | — | — | | | | |
| 19 | Dairy Farms | 29½ | 30 | 30 | — | | | | |
| 11½ | A. S. Watsons | 20 | 20½ | 22/20 | | | | | |
| 14½ | Lane Crawfords | — | 22 | — | — | | | | |
| 8 | Wm. Powells | — | 3 | — | — | | | | |
| 2.40 | China Emporiums | 4.20 | 4.40 | — | — | | | | |
| — | The Sun (H.K.) Ltd. | 2.50 | 2.70 | — | — | | | | |
| 3.70 | Sincere Co., Ltd. | — | 6.20 | — | — | | | | |

Investment Returns of Hongkong Public Companies**CHINA LIGHT & POWER CO., LTD.**

In our issue Nov. 20 (Vol. 1, No. 6) the Company's issued capital was given only for the year 1940 on which calculations for investment returns were based. Since the China Light & Power Co., Ltd. has steadily increased its capital from 1927 to 1940, as will be seen from the compilation below, these calculations were partly misleading.

The average dividend paid by the Company for the period 1927/40 was 9.825 per cent.

Following is a complete statement of the Company's capital, profits, dividends and share market prices for the 14 years' period.

CAPITAL issued 31.12.40:—

| 2,400,000 Shares each \$5.00 fully paid—\$12,000,000.00. | | | | | | |
|--|--------------------|---------------|-------------------|---------------|---------------|------------------|
| Year | Capital Paid Up | Net Profit | Dividends Paid | Share High | Market Low | Dividend Paid |
| 1927 | \$ 2,399,700 | \$ 257,266 | \$ 191,976 | \$12.00 | \$11.50 | 8% |
| 1928 | 3,420,980 | 282,396 | 283,467 | 14.00 | 9.50 | 10% |
| 1929 | 3,996,890 | 555,477 | 510,415 | 19.00 | 12.00 | 14% |
| 1930 | 4,193,567 | 593,066 | 618,331 | 29.25 | 19.00 | 15% |
| 1931 | 4,995,715 | 513,145 | 499,783 | 32.10 | 24.00 | 10% |
| 1932 | 5,997,895 | 657,806 | 562,498 | 22.75 | 12.90 | 10% |
| 1933 | 6,991,743 | 668,855 | 591,452 | 13.40 | 8.65 | 9% |
| 1934 | 7,983,705 | 781,283 | 684,308 | 11.00 | 8.45 | 9% |
| 1935 | 8,000,000 | 919,919 | 799,247 | 11.75 | 7.80 | 10% |
| 1936 | 8,500,000 | 885,637 | 834,198 | 15.80 | 7.00 | 10% |
| 1937 | 9,000,000 | 952,105 | 874,940 | 15.30 | 10.50 | 10% |
| 1938 | 9,973,502 | 1,063,021 | 934,116 | 12.75 | 9.75 | 10% |
| 1939 | 10,997,342 | 1,136,616 | 1,063,486 | 8.90 | 3.50 | 10% |
| 1940 | 11,954,462 | 1,207,118 | 1,099,735 | 9.00 | 5.75 | 10% |

\$10,453,710

\$9,547,952

Shanghai Exchange Shops**British Shares, Shanghai Unofficial Trading**

| Selling Prices in CN\$ | | | | | |
|------------------------|-------------------|-------|-------|--------|------------------|
| December | Gold per ounce | US\$ | HK\$ | £ | Metal Industries |
| 9 | 289,000 | 5,200 | 1,030 | 16,200 | Ewo Cotton |
| 10 | 287,000 | 5,100 | 1,030 | 16,200 | Ewo Brewery |
| 11 | 289,000 | 5,200 | 1,050 | 16,400 | Dockyards |
| 12 | 300,000 | 5,700 | 1,150 | 17,600 | Paper Industry |
| 13 | 333,000 | 6,700 | 1,500 | 20,500 | Wheelock |
| 14 | 314,000 | 6,000 | 1,350 | 20,000 | Shanghai Land |

Nov. 19 Dec. 11

| | | |
|-----------------|-------|-------|
| Wing On Textile | 584 | 393 |
| Mayar Silk | 2,680 | 1,320 |
| Standard Shirts | 205 | 126 |
| Ching Fook Knit | 184 | 98 |
| Chin Hsing Knit | 122 | 65 |
| China Match | 920 | 750 |
| New Asia Chem. | 54 | 23 |
| China Textile | 310 | 280 |
| China ABC | 120 | 82 |
| Wing On Co. | 195 | 134 |

Hongkong Exchange Shops**Chinese Shares Selling Prices in CN\$**

| Selling Prices in HK\$ | | | |
|------------------------|-------|------|-------|
| December | CN\$ | tael | £ |
| 9 | 990 | 332 | 15.50 |
| 10 | 990 | 325 | 15.50 |
| 11 | 980 | 327 | 15.50 |
| 12 | 1,040 | 316 | 15.50 |
| 13 | 1,120 | 303 | 15.50 |
| 14 | 1,050 | 308½ | 15.40 |

